Equity-linked bonds
Japan's rising sum of redemptions
Page 17

Executives abroad
EC creates new barriers to cross-border mobility
Page 11

French reshuffle
Can Cresson's successor stand firm?
Page 14

Tomorrow's Weekend FT
'Keynes here, how can I help?' Advice from beyond on the UK recession

NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Friday April 3 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

US Mafia boss found guilty of murdering rival

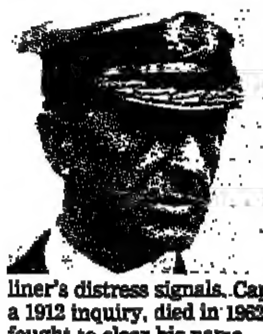
Mafia boss John Gotti, known as "the Dapper Don", was found guilty of murder and racketeering after a 10-week trial in which his former righthand man gave evidence against him.

The jury of seven men and five women deliberated for less than two days before convicting him of sending henchmen to kill the boss of the Gambino crime family, Paul Castellano, in a dramatic 1985 Manhattan shooting.

Setback for privatisation effort
Efforts to privatise East German companies still controlled by the Treuhand agency have run into difficulty because many of them have suffered a sharp fall in orders. Page 16

Palestinians in clash: Hundreds of Palestinians clashed with Israeli soldiers in the occupied Gaza Strip in protest at the killing of four Arabs by paramilitary border guards. Mideast talks, Page 3

Alarm over Tokyo decline: Japan's prime minister, Kiichi Miyazawa, met leaders of the securities industry in an attempt to bolster confidence as share prices slid to another five-year low, causing alarm among politicians. Page 16; Bull market legacy, Page 17; Markets, Page 39



Titanic setback: The captain of a ship which was near the sinking Titanic in 1912 could have done nothing to save the 1,490 people who died, an official UK inquiry concluded. But it criticised Captain Stanley Lord (left) for not responding to the luxury liner's distress signals. Capt Lord, censured by a 1912 inquiry, died in 1962 but supporters have fought to clear his name.

Israel cleared: The US said it had found no evidence that Israel had made unauthorised transfers of Patriot missiles or Patriot missile technology to third countries. Page 3

Labour open to deal: Britain's opposition Labour party signalled a willingness to strike an accord with other parties on electoral reform. Page 16; UK election, Page 8, Editorial Comment, Page 14; Joe Rogaly, Page 15

Border guards charged: Three former East German border guards were charged with manslaughter for killing a man as he tried to defect over the Berlin Wall in 1965. Five guards have been convicted of manslaughter since reunification.

Deutsche Bank, Germany's largest bank, reported a 16.5 per cent increase in 1991 operating profits to DM5.97bn ($3.6bn) and said it would introduce strict rules to prevent the misuse of sensitive financial information. Page 18

Heron International, property group, will today tell a crisis meeting of its banks that the slump in the UK property market has wiped more than £400m ($686m) from the value of its net assets. Page 17; Balance sheet battering, Page 22

Gatt deadline missed: Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, confirmed that the Easter deadline for completion of the Uruguay Round of world trade talks would be missed. Page 4

US orders rise: Orders for manufactured goods in the US rose by 0.5 per cent in February, their second consecutive monthly increase, the Commerce Department said. Page 4.

Jet in car park crash: A US Air Force F1-11 fighter-bomber crashed into a factory car park at Finmere in Buckinghamshire, southern England, after the crew ejected safely. Part of the factory and 15 cars burst into flames.

Snecma, the French state-owned aero-engine maker which has been hit hard by the recession, announced a net loss of FFr68m ($12m) for 1991 and a 30 per cent decline in new orders. Page 20

Swedish bank rescue: The Swedish government announced a SKr7.3bn ($1.2bn) rescue package for Första Sparbanken, the troubled savings bank hit by heavy credit losses in the property and construction sector. Page 17

Sun Alliance, the largest UK general insurer, sank deeper into the red, posting pre-tax losses for 1991 of £466.2m ($805m) and completing a gloomy reporting round for the UK's insurance sector. Page 17; Lex, Page 16

Olympia & York, the Canadian property developer, is expected to ask banks for a formal suspension of debt repayments to provide time for an agreement to be reached on a permanent reorganisation of borrowings. Page 17

Titograd changes name: The Yugoslav city of Titograd regained its old name of Podgorica in the latest move to erase the memory of the country's former leader, Marshal Tito.

US LUNCHTIME RATES		
Federal Funds	4¼%	
3-mo Treas Bills: Yld	4.097%	
Long Bond	101⅛	
Yield	7.99%	
LONDON MONEY		
3-mo Interbank	11¼%	(11¼%)
Liffe long gilt future	Jun 93½	(Jun 93⅞)
STOCK INDICES		
FT-SE 100:	2,465.4	(−3.2)
Yield	5.06	
FT-SE Eurotrack 100	1,149.06	(+7.95)
FT-A All Share	1,152.58	(−0.1%)
Nikkei	18,286.03	(−295.76)
New York: lunchtime		
Dow Jones Ind Ave	3,248.43	(−0.90)
S&P Composite	403.47	(−0.76)
NORTH SEA OIL (Argus)		
Brent 15-day May	$18.475	(18.325)
Gold		
New York Comex Apr	$341.2	(342.9)
London	$340.9	(344)

STERLING		
New York lunchtime:		
$	1.73	
London:		
$	1.73	(1.724)
DM	2.845	(2.85)
FFr	9.64	(9.6825)
SFr	2.5975	(2.606)
Y	231.75	(231.5)
£ Index	89.9	(90)
DOLLAR		
New York lunchtime:		
DM	1.645	
FFr	5.574	
SFr	1.5025	
Y	133.8	
London:		
DM	1.645	(1.653)
FFr	5.5725	(5.605)
SFr	1.5015	(1.5115)
Y	133.9	(134.3)
$ Index	65.0	(65.2)
Tokyo close Y 134.77		

Austria	Sch30	Hungary	Ft192	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Dn1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Dn1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es180		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Protesters ransack foreign embassies in Tripoli

By Tony Walker in Cairo, Mark Nicholson in London and Michael Littlejohns in New York

ANGRY DEMONSTRATORS in Tripoli yesterday attacked embassies of countries that had voted for sanctions against Libya. Crowds ransacked and torched the Venezuelan mission, destroyed diplomatic cars and hurled stones through Russian and Austrian embassy windows.

Jana, Libya's state news agency, said dozens were injured as demonstrators clashed with riot police. The protests were aimed at the United Nations decision on Tuesday to impose sanctions against Libya unless it agreed to surrender for trial two suspects in the 1988 bombing of Pan Am flight 103 over Lockerbie in Scotland.

The news agency said enraged crowds marched towards the embassies and consulates of countries that had voted for the "unjust resolution". It reported that paramilitary forces had been mobilised to protect the missions.

Diplomats in Tripoli said the protests, the first since western pressure was applied on Libya over its alleged role in the Lockerbie bombing, appeared carefully orchestrated.

In New York, the UN Security Council reacted with anger to the attacks. At a private meeting called by Venezuela, members drafted a first response, condemning what it called "inadmissible acts of terrorism".

Mr Thomas Pickering, US delegate to the UN, said the UN response – no matter how firmly worded – might be inadequate to deter Libya. Other measures might prove necessary, he said, advising reporters to "stay tuned".

Mr Vladimir Petrovsky, a senior UN envoy, is to be despatched to Tripoli after the three-day Eid al-Fitr Islamic holiday this weekend to discuss the sanctions vote with Libya.

In Tripoli, Mr Miguel Raidi, Venezuela's ambassador, said about 300 people had broken into the embassy compound. Petrol bombs were thrown into the building, furniture was wrecked, liquor bottles smashed, and plants ripped from the garden.

Venezuela, a rotating member of the Security Council, was one of the 10 states that voted for resolution 748 which imposed an arms and air embargo on Libya from April 15.

A Russian diplomat in the Libyan capital, reached by telephone, said hundreds of demonstrators in their mid-teens gathered around the embassy just after noon yesterday, chanting pro-government slogans, hurling stones, breaking windows and smashing up four embassy cars.

The diplomat said: "Police came an hour or two before the demonstration, so they knew about it. But at the beginning of the demonstration they did nothing about it."

Windows were broken at the Austrian embassy and there were peaceful protests near the French, Hungarian and Italian missions – the latter represent-

Continued on Page 16
Business as usual, Page 3

Mitterrand aims to restore French Socialist fortunes by naming new PM

Bérégovoy replaces Cresson

By Ian Davidson in Paris

MR PIERRE BEREGOVOY was yesterday named France's new prime minister by President François Mitterrand in an attempt to reverse the declining fortunes of the Socialist party.

After a week of intense political speculation, Mr Bérégovoy succeeded Mrs Edith Cresson, whose 10-month tenure was the shortest in the history of the Fifth Republic and who had broken all records for her unpopularity. She resigned after the Socialists' catastrophic defeats in regional and local elections last month.

Mr Bérégovoy, a self-taught economist and long-serving finance minister, was quick to announce new policy initiatives. "The first big priority is the fight against all forms of unemployment with new and bold initiatives," he said.

Mr Bérégovoy did not immediately announce the composition of his new government.

He did, however, tell a meeting of Socialist members of parliament that his team would be "renewed, rejuvenated and entirely loyal".

Few observers expect Mr Bérégovoy's appointment to herald any dramatic new directions in policy.

He is an economic liberal, whereas his predecessor was an enthusiastic interventionist. He can be expected to steer clear of government activism in industrial policy experiments.

Much of his time is likely to be taken up in trying to reverse the decline in the Socialists' standing in the public opinion polls.

The party's popularity has had an uninterrupted fall since Mrs Cresson was appointed little more than 10 months ago.

He also has to prepare for the general elections due inside a year.

His most immediate practical problem is to get legislation through parliament.

The Socialist government does not command an absolute majority, and the Communists and the centrists are likely to be more awkward than before.

As the first woman to become prime minister in France, Mrs Cresson's appointment in May last year created a shortlived media sensation.

Almost immediately she began to sink steadily in the opinion polls.

Her poor public standing was attributed by many to her contentious and combative attitude, including towards her colleagues in the Socialist party, and her tendency to make crude and graceless political remarks.

In one celebrated interview she characterised the Japanese as "ants" and one quarter of British men as "homosexuals".

Mr Bérégovoy, by contrast, is a model of self-control and moderation, and can be counted on to avoid any public faux pas.

He has long been a close associate of Mr Mitterrand, and served as his secretary-general in the Elysée Palace during the first years of Mr Mitterrand's presidency.

Though the resignation of Mrs Cresson became inevitable after the regional elections, it was nevertheless delayed by four days of protracted consultations by Mr Mitterrand.

During these consultations, Mr Mitterrand is reported to have considered other candidates, including Mr Jacques Delors, the president of the European Commission.

Mr Bérégovoy's long tenure of the Finance Ministry, and his achievements both in bringing down inflation and in liberating financial markets, are bound to be reassuring in business circles.

He told a party meeting yesterday that his priorities would be economic recovery and the fight against unemployment.

His other priorities are the maintenance of law and order, European integration and the ratification of the Treaty of Maastricht, and protection of the environment.

Grand entrance: new French premier Pierre Bérégovoy arrives at the Elysée Palace for a meeting with President Mitterrand

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Safe hands for a party in distress......................Page 14
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Yeltsin shifts Gaidar to placate critics

By John Lloyd and Leyla Boulton in Moscow

MR Boris Yeltsin yesterday sought to placate critics of his government's tough economic policies by relieving Mr Yegor Gaidar, the Russian first deputy prime minister in charge of economic reform, of his post as finance minister.

News of the change came as Mr Gaidar was giving an interview to the Financial Times. He conceded that he had been forced to quit partly to placate the fierce critics of his economic reform policy. The position of finance minister is being taken by Mr Vasily Barchuk, a deputy finance minister and long-time finance official.

Mr Gaidar stressed, however, that he would stay on as first deputy prime minister, adding: "I will be able to concentrate more on the general problems of the economy," from the standpoint of both reform and policy.

Mr Gaidar's economic programme has won widespread support from western aid donors. It was considered an important factor behind a promise of $24bn in assistance from the Group of Seven leading industrialised countries announced on Wednesday.

International financial officials in Moscow reacted calmly to the news. A World Bank official said: "We will have to hold judgment until we see what it means for

Continued on Page 16
Burdened but unbowed, Page 14

Allianz to resist cartel move on Dresdner link

By David Waller in Frankfurt

ALLIANZ, Europe's largest insurance company, yesterday declared its determination to resist the efforts of Germany's federal cartel office to force it to cut its shareholding in Dresdner Bank, Germany's second-biggest bank.

The Munich-based insurer said the Berlin-based authorities' objections to the shareholding in Dresdner – and to its business relations with the bank – were without foundation.

The cartel office delivered its detailed objections to Allianz and Dresdner – two of Germany's most powerful institutions – on Tuesday night. They were the conclusions of a study started last summer when it emerged that Allianz had taken its stake in the bank above 22 per cent, up from the 10 per cent disclosed earlier.

It emerged yesterday that the authorities had two specific objections to Allianz's relations with Dresdner. They want Allianz to cut its direct holding in the bank from 22.3 per cent to 19.1 per cent, and they do not want it to proceed with plans to establish a joint marketing strategy in Germany's five new Bundesländer in former East Germany.

Ideally the authorities would like the agreement in the west to be unscrambled as well.

Berlin wants the reduction in Allianz's shareholding to 19.1 per cent to curb Allianz's influence over the bank's commercial strategy. The authorities believe that if Allianz's holdings in other Dresdner shareholders are taken into account, it is in a position to block a potential move from Dresdner into the life assurance sector.

It objects to the commercial relations between the banks because it believes that Allianz and a network of inter-related companies dominate the German life market, with gross life premiums in excess of DM50bn ($30bn) a year in west Germany alone.

The cartel office believes this gives the Allianz sphere of influence five times the market share of the nearest competitor, a spokesman said.

Allianz yesterday rebutted both criticism of the shareholdings and of the business relations with Dresdner. It said companies such as Hamburg Mannheimer were fierce competitors and should not be seen as mere satellites of its own operations.

It added that its business links with Dresdner had been established before the single European market. In no European country was such a link between a bank and an insurance company banned, Allianz said. The market, and not the competition authorities, should decide whether the link with Dresdner was justifiable, it said.

Allianz, one of Europe's most powerful financial institutions, has six weeks to respond to the complaints. If, as seems likely, it does not bow to the authorities' demands, it can take its case to court first in Berlin, then Bonn and ultimately Brussels.

Deutsche Bank plans stricter rules, Page 18

CONTENTS

Attali warns of war in Europe if aid withheld

By David Dodwell in Paris

THE industrial west must open up to exports from the former Soviet Union. and must commit substantial extra funds to reconstruction if upheavals are to be avoided which could escalate into civil war across Europe. Mr Jacques Attali, head of the European Bank for Reconstruction and Development, warned yesterday.

He made "likely predictions" at a conference in Paris on world trade and investment that the Commonwealth of Independent States (CIS) faced the prospect of 50m people unemployed, a balance of payments deficit of 340bn (£23.1bn) in 1993, failure to fund national budgets, and a crumbling of the state system.

Noting a 20 per cent plunge in exports from the CIS, and a 30 per cent fall in output over the past year, he warned: "We have not touched the bottom of the recession. This is merely the first stage of a major decline in foreign trade, and a considerable worsening of their growth capacity.

"Eastern Europe has emerged towards civil war, dragging the whole of Europe towards civil war," Mr Attali said. "The dangers are huge."

In a speech that is likely to preview statements at the first annual meeting of the EBRD in Bucharest at the weekend, he called for a four-pronged effort to tackle the region's financial problems, of which the Group of Seven's pledges on Wednesday of $24bn in aid to Russia would form just a part:

- Funds for commercial investment, led by EBRD itself, with funds of Ecu10bn (£7.15bn) that can be expected to attract private sector investment of up to Ecu50bn.
- Funds for industrial training as industries are rebuilt.
- Balance of payments support. This amounted to $20bn in 1991 in Russia alone, he said. By 1993, it would amount to $40bn in the absence of funds to aid structural change.
- Long-term funding for restructuring the system. He foresaw the need for up to Ecu500bn to fund closure of factories across the CIS, and the building of new industries. Closure of 16 dangerous nuclear power stations, and the refurbishment of 45, would in itself cost Ecu10bn.

Mr Attali attacked western countries for pressuring states in eastern Europe into radical reform while refusing to open markets to their exports. He called on the EC to move promptly to negotiate a "contractual common market with 40 countries across Europe".

Kohl stands firm on Turkey row

By Quentin Peel in Bonn

CHANCELLOR Helmut Kohl of Germany refused to back down yesterday in his confrontation with Turkey, insisting that German weapons supplied to its Nato ally can only be used for its defence "in the framework of the alliance".

Although he stopped short of direct criticism of Turkey's campaign against Kurdish guerrillas and civilians, which caused Germany to suspend all arms shipments last week, he said that Ankara must observe all its commitments to human and minority rights.

In a parliamentary debate on the row between the two normally close allies, Mr Kohl sought to turn the debacle to belated electoral advantage. With an eye on the state elections in Baden-Württemberg and Schleswig-Holstein on Sunday, the chancellor delivered a ringing defence of his government's foreign policy.

But Mr Hans-Ulrich Klose, the SPD parliamentary leader, taunted Mr Kohl for allowing the row to get out of hand. He said that Mr Dick Cheney, the US defence secretary, had been forced to intervene between the Nato partners.

"We have reached a sorry state when our big brother in the alliance, the US, must help us to return to the path of foreign policy virtue," he said.

- The number of foreigners seeking political asylum in Germany reached a record of more than 35,000 last month, with refugees from Yugoslavia alone running at 13,175. Romania was the second largest source, with 5,544 and Turkey third with 2,406.

Turkey is to introduce economic reforms for the impoverished Kurdish minority after unrest in the area in which more than 100 have died in the past 10 days, writes John Murray Brown in Ankara.

The measures represent the first concrete steps to address the Kurdish problem and stem growing support for the Syrian backed Kurdish Workers Party which is fighting an eight year campaign for independence.

Super-Béré: socialist with a steady hand

France's new PM has the best left credentials for right economic rectitude, writes William Dawkins

THE ARRIVAL of Mr Pierre Bérégovoy as France's new prime minister, signals a shift back towards the right and solid endorsement of the policy of competitive disinflation he has pursued as finance and economy minister for much of the past eight years.

It also marks President François Mitterrand's formal acceptance that the attempt to introduce a fresh *élan* to government, with the nomination of Mrs Edith Cresson last May, has not worked.

Mr Bérégovoy can be expected to follow policies very similar to those of Mr Michel Rocard, who preceded Mrs Cresson as prime minister, and with whom Mr Bérégovoy gets on very well. So, in the space of just under a year, the government has turned full circle.

Yet anybody glancing for the first time at the life history of the genial Mr Bérégovoy might be forgiven for thinking he would be the last man who might be expected to promote liberal economic policies at the head of a Socialist government.

He was the only truly working class member of the Cresson administration, otherwise dominated by alumni of the élite civil service colleges, and rich bourgeois Socialists, dubbed the *gauche caviar* by satirical newspapers.

Mr Bérégovoy is anything but that. Of Ukrainian descent, the 66-year-old prime minister started work as a milling machine operator, then a railwayman, and made his way into politics as a management assistant at Gaz de France, the state utility. His formal educational qualifications are limited. He got a certificate in metal working from technical college and did not go to high school.

Yet as finance minister on and off since 1984, Mr Bérégovoy more than made up for his lack of grounding in the conventional élite by skilfully packing his private office with some of the finest minds in the public administration. He will undoubtedly pick a heavyweight staff for the Matignon.

Mr Bérégovoy's success in holding to his policy of firm budgetary and monetary control for so long has made him more closely identified with France's economic health – in foreign investors' minds – than any of his European finance ministry counterparts in relation to their own economies. The results are, as Mr Bérégovoy never ceases to remind the public, much lower-than-average inflation, respectable growth, and an economy that has so far escaped a formal recession.

The importance of "Super-Béré", as he is nicknamed, is underlined by the gyrations that used to hit the capital markets during sporadic rumours of his resignation, and the corresponding strength of the markets as rumours of his promotion grew in recent days.

So President François Mitterrand's choice of Mr Bérégovoy puts the country in the hands of someone with a steady hand as well as undeniable Socialist credentials.

A secondary advantage is that Mr Bérégovoy has no presidential ambitions, one of the factors that led to the falling out between Mr Mitterrand and the ambitious and effective Mr Rocard. This will also avoid further splits in a Socialist party already riddled with rivalry over how to repair its electoral disasters and who will one day replace Mr Mitterrand.

It might seem surprising that Mr Mitterrand hesitated for several days before appointing Mr Bérégovoy. One reason might be the president's annoyance at the fact that Mr Bérégovoy prepared his own ministerial team before even being nominated – and without consulting Mr Mitterrand.

What is more important, Mr Mitterrand has had to balance his need for Mr Bérégovoy's skills against the demands of an important Socialist party faction, led by Mr Lionel Jospin, education minister in the Cresson government, for a relaxation in Mr Bérégovoy's policies of monetary and budgetary rigour. As Mr Mitterrand's chief adviser from 1981-82 he has the socialist credentials to steer through the party's sometimes conflicting demands.

The Jospinists argue that less budgetary rigour would help curb unemployment, one of the Socialists' biggest political problems, and to stimulate the economy. Mrs Cresson shares those views, which is one reason her relations with the former finance minister – who often outmanoeuvred his old boss – were strained.

When questioned by critics, Mr Bérégovoy has always come up with the same answer: he will never devalue the franc. Mr Mitterrand has had to come to terms with the fact that his new prime minister does not plan to abandon that rigour for political, or any other, reasons.

Bérégovoy: the only truly working class member of Cresson's otherwise bourgeois Socialist cabinet

Safest hands take the controls, page 14

Economic maestro must now tackle social troubles

By William Dawkins in Paris

MR Pierre Bérégovoy, France's new prime minister, has until the March 1993 general election to turn round the fortunes of the embattled Socialist government.

He will have to get to grips with sensitive social problems, requiring Mr Bérégovoy to extend his skills well beyond the efficient economic management on which he built his reputation. The main issues include:

- Unemployment. This has crept up over the past two years to 2.88m, or 9.9 per cent of the workforce, well above the European average. It will soon pass the psychologically and politically important 3m level.

Some blame Mr Bérégovoy's economic polices for this. Mr Bérégovoy said cutting unemployment would be "the priority" for his government, though he added: "I will not promise a miracle or a magic solution."

- Immigration. This is seen as a factor in the sporadic outbursts of urban violence which fuel demands from the extreme right-wing National Front for a clampdown on law and order. Mr Bérégovoy needs to show that the government has an answer while not upsetting Socialist supporters' conscience over human rights.
- Environment. Mr Bérégovoy will have to woo the two green parties, the Greens and Génération Ecologie, which emerged as potential partners for the government last month, when they won a combined 14 per cent of the vote. Yet they both waver over whether or not and at what price they will support the Socialists. The Greens said yesterday they would not support the Socialists.

Among the two parties' demands are an end to France's experimental fast-breeder programme, a ban on nuclear tests in the south Pacific, a freeze on some motorway projects and proportional representation in the general election. Any deal with the environmentalists will need to respect the Socialists' loyalty to France's ambitious nuclear energy programme.

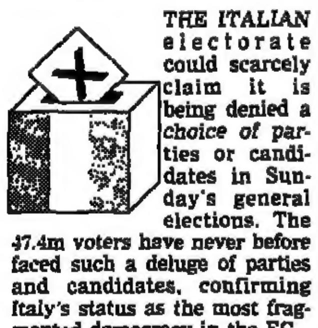
- Corruption. Mr Bérégovoy will need to clean up the Socialists' image, tarnished by a police inquiry into corrupt methods of raising party funds and by a misjudged attempt to give an amnesty to some of those involved. Also at stake is the independence of the judiciary, jeopardised by government interference in its investigations into corrupt political funding.
- Economy. This is the least of Mr Bérégovoy's worries. With inflation at 3 per cent and a growth forecast of 2 per cent this year, France is better off than most of its European partners. The slight worry is that Mr Bérégovoy appears to be losing some of his old budgetary rigour. Due to lower than expected tax revenues, last year's budget deficit overshot its target by 63 per cent to come out at FFr131.7bn (£13.6bn). This year's could exceed FFr150bn, unless the government takes corrective action. Mr Bérégovoy will no doubt want to rein in the deficit to defend the franc, but this might not be politically feasible.
- Industrial policy. He is unlikely to follow Mrs Cresson's habit of interfering whenever a state-owned company seeks a foreign partner, as she did with computer group Bull's link-ups with NEC of Japan and IBM of the US. Neither is this market liberal likely to follow Mrs Cresson's style for intervention. He is expected to continue the programme of partial privatisations.

France's public deficits must be brought under control and domestic savings encouraged in order to avoid tensions arising from the mounting debt service burden, Mr Jacques de Larosière, governor of the Bank of France, has told President François Mitterrand, AP-DJ reports from Paris.

***In a letter accompanying the Bank of France's annual* report, Mr de Larosière said monetary policy should remain directed at reducing inflation and stabilising the franc inside the European Monetary System. interest rates should aim to encourage savings "in an economy that continues to be marked by an excessive dependence on foreign capital". This was needed to cover the current account deficit and to finance foreign investment.**

Italian voters face a profusion of parties

Robert Graham finds the choice is between more of the same and a step into the dark



THE ITALIAN electorate could scarcely claim it is being denied a choice of parties or candidates in Sunday's general elections. The 47.4m voters have never before faced such a deluge of parties and candidates, confirming Italy's status as the most fragmented democracy in the EC.

Against 34 party groupings in the 1987 elections, 50 are now in the field, including special interest lobbies from the League of Pensioners and the Car Drivers' Party to the much publicised Party of Love, headed by Ms Moana Pozzi, Italy's self-styled "porno-star".

The Rome electoral district tops the list with a bewildering selection of 27 parties. The Interior Ministry has permitted 109 different party symbols of which 37 contain the word "league", provoking the suspicion that government supporters have deliberately sought to confuse potential voters of the populist Lombard League which has emerged as the main challenger to the ruling Christian Democrats in the north.

The number of candidates contesting the 630 seats for the chamber of deputies and the 315 seats for the senate is up 17 per cent to 11,027. Over one fifth of these candidates are contesting more than one seat – if they win in more than one, their votes can be transferred to another candidate of their party's choice.

But this proliferation of choice is deceptive. Little attention has focused on issues, largely because the electorate is correctly assumed to know what these are (institutional reform and convergence with the EC) and because few politicians wish to commit themselves to concrete proposals. Instead the campaign, with increasing intemperance, has centred on the nature and composition of Italy's next and 51st post-war government.

As a result voters face only two real alternatives. The first is for a majority to maintain their vote for the two main partners in the outgoing coalition government, the Christian Democrats and the Socialists, which alongside their minor allies, the Liberals (PLI) and the Social Democrats (PSDI), have ensured a stable parliamentary majority. Between them, these four parties mustered 52 per cent of the vote in 1987.

Alternatively, the apparently large number of undecided voters – up to a third, which is unprecedented in Italian elections – could switch allegiance to some nine groupings which could loosely be called the opposition for the purposes of the campaign. This "opposition" has presented itself as the champion of reform of the political system and has been drumming up a protest vote – but is not united in any other sense.

The parties include the metamorphosised communists in the form of the Party of the Democratic Left (PDS); the breakaway hardline communists, known as Reconstructed Communism; the centre-left Republicans (PRI); the anti-Rome Lombard League and its league affiliates; the neo-fascist Italian Social Movement (MSI); the Greens; the quixotic Radicals, the Referendum Party and the Sicilian-based "clean government" movement, La Rete (The Network).

It is thus a vote for the status quo to continue the Christian Democrats' uninterrupted 46 year hegemony, or for an uncertain change involving new players. In the past the same basic choice has existed; but the important difference is that uncertain change then meant allowing a communist party into government. Freed for the first time of this fear following the collapse of communism, voters may well feel more willing to step into the unknown.

The Christian Democrats, commanding 34 per cent of the vote, have been unsettled by not having a well defined "enemy" in the shape of a communist threat. They have hit out in all directions with a defensive slogan "they want to break up Italy"; the all-embracing "they" include highly responsible former government partners such as the Republicans along with the Lombard League. The Socialists have been equally defensive, exposed for having little to do with socialism any more, and for making retention of power an end in itself. The PSDI and the PLI have timidly clung to their partners' coat-tails.

The "opposition" has concentrated its fire on the Christian Democrats' record in government and sought to capitalise on a protest vote. This is especially the case of the Republicans and the Lombard League. But with few exceptions the attacks have been muted by ambitions to govern that would mean allying with elements in the outgoing government.

In the case of the PDS, the party has spent a lot of time ensuring that the former communist vote, the second largest in 1987 with 26 per cent, does not haemorrhage either to its break-away former companions in Reconstructed Communism or to other parties. The PDS will do well to hold the line with 20 per cent of the vote.

Italian post-war elections have shown an electorate remarkably faithful to individual parties with only minimal percentage swings. However, it would require a relatively small swing from the four parties in the outgoing coalition to undermine their chances of forming a new government.

Even if the present coalition partners scrape home with around 49 per cent of the vote, the minimum to assure a working parliamentary majority, the nature of the next legislature will be radically different. Over 400 deputies, embracing a cross-party alliance of Christian Democrats and Socialists as well as Republicans and members of the PDS, are pledged, if elected, to reform an electoral system which creates political fragmentation and a political system which leaves the executive little accountable to the legislature.

On economic issues no party disagrees on fundamentals – the need to tackle the huge public sector deficit, slim down the state and conform to the criteria of convergence with the EC laid down by the Maastricht summit. The electorate is merely being left to decide amid a welter of vague promises who is most capable of positive action.

What the main parties stand for

NEWS IN BRIEF

Brussels call for increase in spending on research

MR Filippo Maria Pandolfi, EC commissioner for research and development, yesterday proposed a big increase in research spending by the Community from Ecu2.4bn ($3bn) this year to Ecu4.2bn in 1997, writes Andrew Hill in Brussels.

Mr Pandolfi will present his R&D strategy to fellow commissioners in Strasbourg next week.

Speaking during a conference on the future of cross-border Community research, Mr Pandolfi said the EC had to combine funding for traditional small projects with "more focused activities – technological priority projects, related to some key technologies on which the competitiveness of European industry depends".

The document will not list priority projects, but Mr Pandolfi gave a number of examples of "generic technologies", which could benefit all sectors of industry, including information technology, software engineering, environmental technology and advanced molecular biology.

Irish bank strike threat

Ireland's four main clearing banks face a possible all-out strike by their 13,000 employees, after two of the banks threatened to sack workers taking industrial action, writes Tim Coone in Dublin.

Members of the Irish Bank Officers' Association have been taking action in pursuit of a 6.5 per cent pay rise. The banks are offering 6 per cent in return for longer hours.

Moldova ceasefire broken

Moldovan police and Russian-speaking separatists exchanged fire yesterday, despite a warning from the former Soviet army that it would step into the fray unless fighting stopped, Reuter reports from Bendery, Moldova.

The ultimatum came from the 14th Army of the former Soviet Union, which is stationed in the ex-Soviet republic's breakaway Dnestr region, east of the Dnestr river.

IMF credit for Romania

The International Monetary Fund has agreed provisionally to provide Romania with a $500m standby credit in 1992, a National Bank official said, Reuter reports from Bucharest.

Romanian finance minister George Danielescu and the governor of the National Bank, Mr Mugur Isarescu, signed a letter of intent on the new loan package with an IMF mission in Bucharest, a central bank spokeswoman said.

Sweden lifts business curb

Sweden's parliament is to scrap from July 1 the requirement on foreign companies to obtain special permission to do business in Sweden, Reuter reports from Stockholm.

German inflation up

By Andrew Fisher in Frankfurt

GERMANY yesterday reported a further rise in inflation last month to an annual rate of 4.7 per cent at a time when pay talks have begun in the engineering industry in the face of employers' determination to keep wage rises low.

However, there was encouraging news on trade performance. The improvement in February's trade surplus to DM2.2bn (£760m) from only DM45m in January reflected a 1.1 per cent rise in exports, to nearly DM55bn. Imports eased by 2.9 per cent from January's level, to DM52.7bn. Since unification, the surplus has come down sharply.

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Much of Europe and Libya look set for business as usual

Neither side can afford to drag oil into tit-for-tat sanctions threats over Tripoli's alleged role in airliner bombing, writes Our Foreign Staff

COLONEL Muammer Gadaffi's reported threat to halt trade with countries imposing United Nations sanctions against Libya would, if carried out, be a severe blow to several European countries which depend on the country's particularly light, low-sulphur crude oil.

But since 80 per cent of Libya's gross domestic product derives from trade, and 97 per cent of its trade is oil exports, mostly to Europe, few analysts believe Col Gadaffi could afford to enact any self-imposed oil export embargo. Libya's oil revenues are roughly $9bn a year.

Indeed, yesterday journalists from Europeo, the Italian magazine in which Col Gadaffi was reported to have made the threat of a retaliatory trade embargo, denied that the Libyan leader had specifically mentioned a cut-off of oil at all. "Gadaffi did not actually pronounce those words," said a Europeo spokesman.

However, the dependence of some European countries on Libyan crude also makes it certain that they would oppose any tightening of sanctions against Tripoli to include a trade embargo against a supplier of rare crudes and easily reachable across the Mediterranean.

Libya's main trading partners in 1990 ($m)

	Exports to	Imports from
Italy	5,023	1,153
Germany	2,216	751
Spain	1,163	66
France	761	378
UK	269	434

Source: EIU

According to oil industry officials, Italy, Germany and Spain privately made it clear to the US in November, when the furore over Libya's alleged role in the Lockerbie bombing came to a head, that they would not back a trade embargo against Tripoli. Their non-compliance would make any such embargo toothless.

Libya sells 95 per cent of its oil and petroleum products to Europe, mostly to Italy, Germany, Spain, France and the UK – its five main trading partners – a total of 1.33m barrels a day. There is no trade with the US since Washington imposed its own trade embargo in 1986, again over alleged Libyan complicity in a terrorist attack.

Moreover, the oil imported is of a light, sweet quality upon which several refineries in Italy, Germany and Spain depend and it would be extremely difficult for these countries to replace the oil.

Although the Organisation of Petroleum Exporting Countries is producing a surfeit of oil, extra capacity is only available generally in high-sulphur, heavy crudes. "You cannot say there is any spare light, sweet crude capacity in the market," says one analyst. "Most light, sweet producers are operating to capacity."

Italy is at most risk from any threat of halting oil sales and other commercial activity and is viewing with concern the international community's worsening relations with Libya. Italy imports 27 per cent of its crude from Libya and is the country's principal EC trading partner.

Rome has given its full backing to the UN resolutions penalising Libya for failing to hand over the two suspects in the Lockerbie bombing; but in private Italian officials have been urging caution and the need to avoid a break-down in communications with Tripoli.

Italian ambivalence underlines official fears that Italy risks suffering far more from any Libyan retaliatory measures than Britain, France or the US, which have pressed hardest for sanctions.

Last year Italy imported 17.4m tonnes of crude from Libya worth L5,490bn ($4,394m) a 2 per cent drop in volume on the previous year but still 27.6 per cent of total oil imports. This is more than double the oil imported by Libya's next largest European client, Germany. It also represents 41 per cent of total Libyan oil sales.

At the same time Italian companies, notably via ENI, the state oil concern, are involved in all aspects of the Libyan industry from exploration and production through to construction of refineries.

Italy is studying the possibility of importing gas from a Libyan offshore field via a pipeline to Sicily. Libya is also a useful market for a wide range of Italian consumer and industrial goods which last year increased 30 per cent to L1,687bn. Alitalia, the national carrier, transported 17.6m tonnes of goods by air freight last year and more than 31,000 passengers; and the Tripoli-Rome air link is regarded as one of Libya's most important air connections.

Spanish officials are also watching anxiously. Libya supplies Spain with about 10 per cent of its imported crude, though this is decreasing as Spain's three refiners have begun to secure their own upstream supplies.

But about 19 per cent of the liquefied natural gas (LNG) Spain imports is Libyan. Barcelona and much of the rich industrial territory around it are heavily dependent on Libyan LNG, which is supplied under long-term contracts the Spanish have with Tripoli and Algiers.

Spanish diplomats were warning yesterday that any decision to increase pressure on Tripoli would place Spain in a difficult position. "We would be very concerned if these sanctions were hardened into a full economic embargo," one official said.

Germany, which depends on Libya for 16 per cent of its oil imports, appeared relatively unperturbed by Libyan threats. "We have been dealing with Gadaffi since 1958 and we have been though our share of bilateral and multilateral quarrels, and not once has he interfered with our supplies," one industry leader said yesterday.

The economics ministry was equally sanguine. "We expect no supply problems," an official said. "There is no shortage of oil on offer, although we cannot of course rule out price repercussions."

Swiss officials were equally unflustered. Libya supplies 15 per cent of the country's 2.6m tonnes of annual crude imports. "If it had come a year or so ago, I would have said it was very serious," Mr Baptist Gehr, economic adviser of the Swiss Petroleum Association, said yesterday.

Since then, Libyan interests have invested heavily in oil refining and distribution activities in Switzerland, and so Mr Gehr thinks it unlikely that the Libyan government would want to damage its own operations. "I think it is unlikely that after all this investment Libya will then refuse to supply us," he said.

In June 1990, Tamoil (Suisse), a Libyan controlled consortium, purchased a 65 per cent stake in Gatoil, Switzerland's fourth-largest oil company then in bankruptcy administration, for SFr201.25m ($135m). It later bought the remaining 35 per cent stake from Sasea Holding, the investment banking group headed by Mr Florio Fiorini.

Britain, despite having severed diplomatic links with Libya, also imported 1.6m tonnes of Libyan refined petroleum products in 1991 while exporting ($438m) worth of goods, mainly machinery, to Libya. But given Britain's own domestic supplies of light oil and its political determination to bring the Lockerbie suspects to justice, the UK would likely not be as worried about a Libyan oil ban – imposed either from without or within.

Reporting by Mark Nicholson, Robert Graham, Ian Rodger, Peter Bruce and Christopher Parkes

US accuses Israel of selling Patriot secrets

By Hugh Carnegy in Jerusalem and Agencies

THE US was last night preparing to flesh out its allegations that Israel illegally sold Patriot missile technology to China, following release of a State Department report accusing a "major recipient" of US weaponry of persistently on-selling arms to unauthorised countries.

Israel yesterday repeated its denial that it had sold US arms and technology to countries such as China and South Africa in the face of US and international prohibitions.

Mr James Baker, secretary of state, said on US television he had received a further report, from an investigating team which had just returned from Israel. He pledged to release its findings later in the day.

It was unclear whether these would corroborate or contradict a report released the previous evening. That report, by a state department inspector general, alleged "a systematic and growing pattern of unauthorised transfers" since 1983 of technology by a country not directly named but taken in Washington to be Israel.

It recommended disciplinary action against officials in the department's bureau of political-military affairs, who had failed to report violations to superiors or to Congress.

Mr Baker said he had yet to read the second report, but added: "If it is found that they (the Israelis) did not (illegally transfer technology), the matter should be considered closed."

In Jerusalem, officials continued to demand a public retraction by the US. "Our policy is to adhere strictly to the procurements and technology transfer agreements," said Mr Danny Naveh, spokesman for Mr Moshe Arens, the defence minister.

The state department report fuelled fears in the Israeli government that Washington was moving to put the hitherto highly intimate US-Israel relationship on a more business-like footing. Some officials have accused the Bush Administration of seeking to undermine the strategic relationship between the two countries.

At the least, the government is bracing itself for much tougher scrutiny of US arms and technology transfers, on which the Israeli defence forces and military industries have come to depend. The military is worried it may become subject to sanctions on some technologies to which it wants access to maintain Israel's "qualitative edge" over its Arab foes.

Despite the official denials, the US moves have forced Israel to be somewhat more open about its secretive military exports.

Mr Mendi Meron, a former director-general of the defence ministry, admitted yesterday there were "grey areas" in arms trade involving, for example, "off-the-shelf" purchases from the US where technology transfer agreements did not apply and the development of parts by Israel based on US know-how.

He cited an example of an Israeli-made anti-tank device, including US parts, which the US refused to license for export to one of two countries to which Israel planned to sell it. "We returned home, we took out the American-made parts and replaced them with parts from another source. The system remained the same," Mr Meron said.

European Community delegates are guarded by Lebanese troops during a tour of Beirut's devastated centre

Shipping checks come under fire in Australia

By Kevin Brown in Sydney

AN INQUIRY into the loss of a Greek oil tanker off the Western Australian coast has revealed "substantial and graphic" evidence of deficiencies in international checks on shipping, the Australian government said yesterday.

Senator Bob Collins, the shipping minister, said an inquiry by the government's marine accident investigation unit showed that the 22-year-old Kirki should never have been at sea.

The ship lost its bow in heavy seas in July last year, about 55 miles off the north coast of Western Australia.

Senator Collins said the inquiry found evidence of deliberate efforts to make the ship look seaworthy. "I personally saw a number of the plates, and they were so thin you could have shaved with them," he said.

"It had got to the stage where entire sections of steel had corroded out and had been deliberately covered up with a piece of canvas that had then been painted over to make it look as though the original steel was still there."

The inquiry also found serious deficiencies in the Kirki's safety equipment. It said many of the crew could have lost their lives if the accident had happened further out to sea.

Senator Collins said the government was pursuing with the International Maritime Organisation, a UN agency, the "international scandal" of unsafe shipping.

Most structural surveys on ships are carried out by classification societies based in the leading maritime countries, which maintain inspectors in many of the world's ports.

The larger societies, such as Lloyd's Register in London, are regarded as highly capable. However, there has long been concern about some of the smaller societies.

Japanese car sales fall by 6.5%

By Steven Butler in Tokyo

A STEEP decline in car sales in March was reported yesterday by the Japan Automobile Dealers' Association (Jada), adding to the accumulating evidence that Japan's economy is slowing sharply.

March sales fell by 6.5 per cent compared to a year ago to 694,520 units, Jada said in a preliminary report. For the first three months of the year, sales were down by 4.3 per cent.

The Jada report nonetheless contained one slice of good news for the industry. Sales of larger cars with engines of more than two litres, which are more expensive and profitable, rose by 40.8 per cent to 86,632 units in March. Small cars (excluding minicars) were hit hardest, with sales down 15 per cent to 404,954 units.

Meanwhile, a report by the Economic Planning Agency issued yesterday showed that plant and equipment investment by Japanese companies was expected to rise by an average of 4.6 per cent in the next three years, compared to an average rise of 10.6 per cent over the past three years.

A main reason for the decline was the difficulty companies have raising funds on the depressed stock market, according to a survey of companies.

The EPA report also said that investment in labour saving equipment and spending on research and development were affected by interest rate movements. Many analysts had assumed that these areas of investment were relatively unaffected by financial market trends.

Arabs agree to round of Mideast talks

By Lara Marlowe in Beirut

FOREIGN ministers of Lebanon, Syria, Jordan and the Palestine Liberation Organisation representative have agreed to attend the fifth round of the Middle East peace conference in Washington on April 27.

They also agreed to draw up a list of ten alternative venues for subsequent talks, in accordance with a request this week by Mr James Baker, US secretary of state.

Agreement was reached despite Syrian and Lebanese reservations about the utility of continuing negotiations before Israel's June 23 elections. Arab delegations had also opposed Israel's demand that the talks be moved closer to the Middle East. But officials at the Beirut meeting said delegates wanted "to prove to the international community that obstacles are being raised by Israel, not the Arabs".

The two-day meeting marked a diplomatic victory for Lebanon. It was the first time since 1975 that a high-level Arab conference not concerned with the civil war was held in Beirut.

Representatives of Portugal, Britain and the Netherlands, the "troika" formed by the immediate past, present and future presidencies of the European Community, met the Arab foreign ministers in an unsuccessful attempt to convince Syria and Lebanon to take part in multilateral Arab-Israeli talks on economic development, refugees, water resources and the environment scheduled for May. Syria and Lebanon had boycotted the first round of multilateral talks held in Moscow.

"We believe it doesn't make sense to go to that stage of negotiations until something has been achieved on the basic issues," said Mr Mowafak Allaf, head of Syria's delegation to the peace conference.

Mr Leonardo Mathias, the Portuguese head of the EC team in Beirut, said that by establishing a steering committee for the talks, the EC was seeking a role in the peace conference commensurate with its economic and political power.

Bofors former chief denies bribery for Indian order

THE former main owner of the parent company of Swedish arms maker AB Bofors denied yesterday that the company had paid bribes to win a $1.3bn weapons order from India in 1986, Reuter reports from Stockholm.

"Nobel Industrier (Bofors's parent company) has not paid any bribes to Indian civil servants, nor politicians nor military," Mr Erik Penser told a news conference. Nobel and Bofors had previously denied the charges, but yesterday's comment was the first time the reclusive financier had held a news conference.

The scandal, which first surfaced in 1987, made headlines again on Tuesday when Mr Madhavsinh Solanki, the Indian foreign minister, resigned over charges that he had tried to cover up investigations into bribes made during the deal.

India's prime minister at the time of the scandal, the late Mr Rajiv Gandhi, denied wrongdoing but the scandal was a factor in the defeat of his Congress party in 1989 elections.

Mr Penser lost control of Nobel last year after his 66 per cent stake was seized by Nordbanken as collateral for loans.

Rajiv Gandhi: denial

UN pressure on Afghan factions

By Farhan Bokhari in Islamabad

A UNITED Nations representative yesterday stepped up pressure on warring factions in Afghanistan, less than a month before a representative assembly of Afghans is to meet to discuss a transitional government.

Mr Benon Sevan, personal representative for Afghanistan of Mr Boutros Boutros Ghali, the UN secretary-general – in Islamabad after his second visit this week to Kabul – called those who sought a military victory "arsonists" for whom there was no longer room.

With international help, Mr Sevan said, "we shall be able to resolve the Afghan conflict peacefully and now, not next month, this month."

Western diplomats are cautious in their optimism about prospects for an end to the 14-year war. Last month Afghan President Najibullah agreed to step down and pave the way for transferring power to an interim government.

A UN-backed assembly of representatives of Afghan groups is due to be held by the end of this month, either in Geneva or in Vienna, as a first step towards making arrangements for a transitional government.

Reuter adds from Kabul: Mr Najibullah sought to speed up the peace process in Afghanistan when he met Mr Sevan yesterday, a presidential spokesman said.

Mr Najibullah's announcement two weeks ago that he would not take part coincided with his loss of Mazar-i-Sharif, the biggest city in the north, to guerrillas and dissidents.

Day of violence adds to pressure on Moi

By Julian Ozanne in Nairobi and Michael Holman in London

KENYA'S opposition stepped up the pressure on President Daniel arap Moi yesterday as a general strike, called to force the government to release political prisoners and secure an early general election, kept most Nairobi workers at home.

Clouds of black smoke hung over slum areas in Nairobi as youths, exploiting the opposition's call for a peaceful strike, burned rubber tyres, set up roadblocks and clashed with anti-riot police. State-owned buses and private cars were stoned and burned to prevent commuters going to work.

Despite the violence about 40 per cent of Nairobi's workforce reached the city and some shops opened at midday.

Most Asian businesses, however, remained closed after a series of fires early yesterday destroyed houses and shops in the Asian commercial districts of the city.

Opposition leaders in Nairobi claimed the action had been a "huge success".

Mr Paul Muite, a leading member of the Forum for the Restoration of Democracy (Ford), the main opposition movement, said in London last night that the strike would continue today.

He warned that Ford was prepared to mount a civil disobedience campaign if the government failed to provide a timetable for an early general election, monitored by observers from the Commonwealth and other organisations.

"We regret the need for such a campaign," said Mr Muite, a Nairobi lawyer, "but our calls for dialogue with the government have been ignored. Although this strike is for two days, the next time it will be indefinite."

Ford has called for the establishment of an independent electoral commission, and speedy completion of a new electoral register.

Western diplomats said the day-long clashes added to concerns that Kenya's transition to multi-party democracy was becoming jeopardised by violence.

Running battles continued throughout the day in the shanty towns of Kangemi, Kawangware and Satellite as paramilitary police used tear gas and live ammunition to disperse the rioters.

Several people were beaten by police wielding batons and pickaxe handles. Yesterday's events mark the continuing threat of a descent into violence of Kenya's precarious transition to political pluralism.

Trade deficit presages tough year for Indonesia

By William Keeling in Jakarta

THE Indonesian government posted a Rupiah 1,500bn ($740m) surplus in the state budget for the financial year which ended on Tuesday, Mr Johannes Sumarlin, finance minister, said. Bankers and donor economists warn, however, that an $83m trade deficit in January indicates a tough year ahead for the economy.

The 1991-92 budget figures, which are preliminary, put government revenue at Rp62,000bn, marginally above the Rp50,500bn target. Total government expenditure, the minister said, amounted to Rp50,490bn.

Mr Sumarlin, speaking after the monthly cabinet meeting on the economy, said that income tax revenue of Rp9,600bn was 19.4 per cent higher than forecast, while revenue from value added tax was also above target. Import duty and export tax revenue was below target, partly because of a reduction in import tariffs, the minister said.

Foreign aid flows for the fiscal year amounted to Rp10,400bn while oil and gas sector revenue of Rp15,000bn was as forecast, with oil production averaging 1.56m barrels a day.

Mr Sumarlin noted, however, that figures for January showed a 37 per cent year-on-year decline in oil and gas receipts, whilst in the same month Indonesia recorded an overall trade deficit, with imports of $2.2bn and exports of $2.12bn.

Although the January trade deficit was small, Indonesia needs to maintain a substantial trade surplus if it is to counter invisible outflows (such as interest payments on debt) estimated by bankers in Jakarta at more than $6bn last year. Despite the government's budget surplus, Indonesia had a current account deficit in 1991 of about $4.5bn.

Indonesian trade balance ($m)

	Jan 92	Dec 91	Jan 91
Exports	2,124.2	2,610.9	2,489.0
Oil/gas exports	728.4	780.9	1,101.0
Imports	2,206.8	2,377.9	1,845.0
Trade balance	-82.6	233.0	644.0

Source: Reuter

January's trade deficit was "very unhealthy", according to one banker, and evidence that the economic downturn in western economies was hitting Indonesia's export-oriented industries.

Economists at donor agencies warn of a tough financial year ahead, despite maintaining a forecast of 5.8 per cent real economic growth. They express concern at Indonesia's external debt which has increased from $65bn a year ago to $75bn. Of this, $50bn is in public debt, and $25bn in private debt, which has grown most rapidly in recent years.

They note, however, that there is no public short-term debt, and the government remains committed to its debt obligations. The rise is also partly offset by an increase in Indonesia's foreign reserves from $6.3bn in March 1990 to $10bn last November. The government has acted to restrict further overseas borrowing by rescheduling many capital intensive projects.

A further growth in exports is needed if the public debt service ratio, estimated by donor agencies at 31 per cent of export earnings and described by a senior economist as "very high", is to be alleviated.

The January trade deficit bolsters recent complaints by industrialists that Indonesia is losing its competitive edge in export markets. They blame the government's tight monetary policy, designed to limit domestic credit. The banks' prime lending rate is currently 25 per cent a year, and industrialists say the high cost of funds has left an increasing number of companies operating at a loss.

US real estate loans and S&L rules eased

By Nancy Dunne in Washington

THE White House yesterday issued new regulations to ease lending conditions for real estate and to let "well-capitalised" savings and loan institutions open branches in any US state.

The Bush administration acted after both Democrats and Republicans in Congress had defied their leaders late on Wednesday by failing to approve $17bn in funding to liquidate bankrupt savings and loans bodies (known as thrifts) and pay off their depositors.

The White House said the country "can no longer afford to wait for Congress to act" on proposed legislation to allow inter-state branches. It claimed the authority to act unilaterally and said its moves would "enhance the ability of banks and thrifts to make loans."

Under the new rules, the amount of capital that banks and thrifts must hold "against conservatively underwritten loans for construction of pre-sold homes" is reduced. Also, the threshold for requiring licensed appraisals on loans secured by real estate is raised from $50,000 to $100,000.

Mr Michael Waldman, director of Mr Ralph Nader's Congress Watch, a citizens' group, said the White House was repeating its tactics of 1986, when it loosened rules and standards for S&Ls: "The White House is using the regulatory apparatus as an arm of the campaign committee and the result will be huge taxpayer costs. It's a little injection of extra debt and looseness which makes you feel great at first, then there is a huge hangover."

The administration's action contrasted with the paralysis in Congress, where a majority of each party contributed to a 298:125 vote against a White House-backed measure to fund continued S&L rescues with $17m. Democrats, concerned that the bill did not contain regulatory reforms, joined many Republicans who had argued that many of the thrifts still can be saved.

Members of both parties are worried about the S&L issue in the Congressional and presidential election campaigns this year. But they are also fully aware that, the thrift crisis having been ignored four years ago, before the last presidential election, the estimated cost of the rescue ballooned to hundreds of billions of dollars.

Congressman Henry Gonzalez, chairman of the House Banking Committee, complained that the White House had made only "minimal" effort to lobby for its own bill.

Factory orders rise in US

By Michael Prowse in Washington

NEW ORDERS for manufactured goods in the US rose by 0.5 per cent in February to register their second consecutive monthly increase, the Commerce Department said yesterday.

Shipments of goods were up 2.1 per cent – the 10th increase in the past 11 months.

Inventories – stocks of unsold goods – fell for the fifth month, dropping to their lowest level for three years.

This suggested that companies will have to increase production so as to meet rising demand.

The rise in orders followed a 0.5 per cent increase in January and a 3.7 per cent decline in December. Orders in February were 0.2 per cent higher than in the equivalent month last year.

Orders for durable goods, however, fell 0.3 per cent in February, compared with January. Excluding defence, new orders were up by 1 per cent.

The orders figures were seen as broadly consistent with a batch of reports pointing to a revival of consumer and business demand since Christmas.

EC oil 'breaking embargo on Haiti'

By Stephen Fidler in Washington and Canute James in Kingston

THE US administration has complained to European Community governments that shipments of oil from Europe are undermining an embargo aimed at restoring President Jean-Bertrand Aristide to power in Haiti.

The embargo was established by the Organisation of American States after the military overthrow of Fr Aristide six months ago.

But significant shipments of oil, mainly from Europe, have rendered much of the embargo ineffective and are seen by the US State Department as lifting the coup leaders' confidence in their ability to resist international pressure.

"The latest information we have is that there are more tankers in the harbour than they can unload," said a senior state department official. Shipments had come from France, Britain, Germany and other countries.

Sanctions by the EC would be useful in keeping pressure on the government in Port au Prince, the official said. However, when the US had made representations to EC governments, "we were given all sorts of reasons why sanctions were not possible."

For example, the US was told that European sanctions would require six months' notice of implementation under the terms of the Lomé convention, which grants developing countries privileged access to EC markets.

The latest known oil deliveries to Haiti were 10 days ago by two vessels under the Norwegian and Danish flags. They unloaded fuel products expected to last three weeks.

An even steadier supply of goods for Haiti has been crossing its border with the Dominican Republic. Trade in petrol and other fuels, food and consumer durables has become a lucrative venture for the Dominican military, despite the government's public adherence to the embargo.

Clash of the sound-bite slickers

Martin Dickson on the 'huckster' factor in New York's Democratic party primary

IT WAS billed in advance as the great, much-needed policy debate on the crisis facing urban America. And there could be no more fitting location for it than New York, a city whose social fabric is being rent by "crack", violent crime and Aids, and where teenagers have taken to shooting each other in the school room.

US cartoonist Doug Marlette's view of the contenders

But so far the crucial Democratic primary race in New York has had difficulty rising above the relentlessly personal or trivial. This both confirms the city's reputation as a political circus and spells an uphill battle for Mr Bill Clinton, the governor of the southern state of Arkansas and front-runner for the presidential nomination.

Winning in New York next Tuesday is vital for Mr Clinton, yet his campaign here has got off to a rocky start, dogged by two big problems.

First, there remain persistent doubts among voters about his character, fanned by microscopic attention to his past from local television and a hostile tabloid press.

New Yorkers, for all their supposed cosmopolitanism, tend crudely to divide their southern countrymen into two categories: hicks and hucksters. And Mr Clinton, with his bouffant hairstyle and mouth seemingly stuck in a smirk, looks to many like a representative of the latter category, or a dubious Southern tele-evangelist – no matter how many sensible, detailed policy documents he may brandish before the voters.

The governor has not helped by his confession in the middle of the campaign that he smoked marijuana in Britain more than 20 years ago. This was in itself trivial, but it made his previous pat answer to drug questions – that he had never broken US laws – seem evasive and equivocal. He is, in short, having a hard time difficulty shaking off his tabloid image as a sly, slippery "Slick Willie".

His second problem is that Mr Jerry Brown, the former governor of California and Mr Clinton's sole remaining official adversary, has fought a skilful campaign. His populist rhetoric, ruthless tarring of Mr Clinton, and command of the 10-second sound bite have turned him from a mildly dotty fringe candidate into a serious challenger.

Victory in New York is important in part because the state has the second-largest count of delegates (after California) at the Democratic National Convention, which will choose the party's presidential candidate. And New York City, with its extraordinarily diverse ethnic mix, is often seen as an acid test of a candidate's national stature.

Not for nothing did Mr Clinton deliver a major foreign policy speech in Manhattan this week.

New Yorkers, proud of the city's reputation for political toughness, would like to think that no candidate can fail here and go on to win the nomination, but that is typical New York hype. After all, Mr Jimmy Carter (another Southerner) came a dismal third here in 1976. And Mr Clinton has come to New York with almost half the delegates needed to sew up the nomination.

Just a few weeks ago Mr Clinton seemed all but assured of victory in New York after strong wins in the key Midwest states of Illinois and Michigan, and the withdrawal from the campaign of New England's Mr Paul Tsongas.

But then Mr Brown won a surprise victory in the small north-eastern state of Connecticut, amid polls showing that almost 50 per cent of local Democrats questioned whether Mr Clinton had the honesty to be an effective president. With the media continuing to question Mr Clinton's marital fidelity, Vietnam draft status and ethical record, New York suddenly became a key test of the governor's character.

Mr Brown has ruthlessly capitalised on this, accusing Mr Clinton of delivering a "big lie a day", and branding him as the friend of Wall Street and the slick, unacceptable face of politics-as-usual.

"I am running," he says, "against a candidate who is the very symbol and personification of a system and politics that doesn't work."

This is extremely galling for Mr Clinton, whose preferred image is of a new-age Democrat operating outside the traditional party hierarchy. But Mr Brown's tactics have been effective, allowing him to capitalise on a groundswell of bitter cynicism among ordinary US voters towards conventional politics.

New York's bewildering ethnic mix means that any politician campaigning here faces an extremely delicate balancing act. So far both candidates have avoided any serious gaffes, but Mr Clinton appears to be well ahead in winning the backing of Jews, who account for about 30 per cent of the primary vote, thanks partly to his attacks on President Bush's tough new policy towards Israel.

The important black, Hispanic and labour constituencies look more divided. Mr Brown has appeared on the same platform several times with Mr Jesse Jackson, the black former presidential candidate, and has invited him to be his running mate.

The latest opinion poll suggests that Mr Clinton is ahead, but a large number of voters appear undecided and there remains a significant wild card in the form of Mr Tsongas, whose name remains on the New York ballot. As a favourite son of the north east, he could yet attract a significant Anyone-But-Clinton vote and wreak considerable damage on the Southerner.

Argentines reflect on invasion

By John Barham in Buenos Aires

ARGENTINA yesterday commemorated the 10th anniversary of its invasion of the Falkland Islands with a series of public events which, although low-key, carried political tension.

President Carlos Menem cancelled plans to attend a military parade, apparently for fear of being jeered by pro-military right wingers. He chose to attend Mass at the national shrine of Luján. However, former combatants invited to join the president boycotted the service, claiming he was using it for political purposes.

The bishop officiating at Mass said the invasion was to "safeguard constitutional order." Mr Menem said: "Today is a day of reflection and homage to all those who fell defending national territory."

The only military parade was held in the Patagonian city of Río Gallegos, 2,100 km south of Buenos Aires and on the same latitude as Port Stanley, the Falklands capital. There, Mr Antonio González, defence minister, said Argentina would eventually win sovereignty over the islands through "tireless diplomatic efforts."

Meanwhile, the UK embassy in Buenos Aires denied that the islands' government would issue seismic survey licences for oil exploration, as announced by the chief executive of the Falklands government this week.

"The British government is committed to giving no surprises and intends to stick to this," an official said.

The islands have legislation enabling them to market exploration licences, but rules are still being studied in London and will only be enacted after consultation with Argentina.

Venezuela central bank chief quits under fire

By Joe Mann in Caracas

THE president of Venezuela's central bank, Mr Miguel Rodriguez, has resigned in an effort to ease political pressure on the beleagured government of President Carlos Andrés Pérez.

He named, late on Wednesday, Ms Ruth de Krivoy, a respected economist and the first woman to hold the job, to head the central bank.

Mr Rodriguez, who only took the post in late February, had come under attack from Mr Pérez's opponents.

The outgoing central bank chief was the main architect of the highly unpopular economic reform programme the Pérez government initiated three years ago.

It is not clear, however, whether his departure will much reduce pressure on the president and on other free-market proponents in the cabinet.

Ms de Krivoy held an executive post in the central bank in the 1970s, but has spent most of her professional life as a private sector economist.

Dunkel confirms missed deadline

By David Dodwell, World Trade Editor


Ecology militants battle with Paris police as they use a large fan to blow feathers during the arrival of Arthur Dunkel, Gatt director general, outside the Grand Hotel yesterday. Mr Dunkel is in Paris for a conference on world trade and investment

THE Easter deadline to complete the Uruguay Round of talks on world trade liberalisation will be missed, Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt), confirmed yesterday.

He argued that the negotiations, which began in 1986, were "past the point of no return." He insisted the trade reforms would be prominent on the agenda of the Group of Seven summit in Munich in June if no settlement had been reached by then.

The Easter deadline, set in December when he released a 400-page draft Uruguay Round agreement, is the latest of many to be missed. Mr Dunkel referred to a "growing sense of frustration and urgency" among negotiators in Geneva as differences over farm trade reform have put the entire agreement in jeopardy. After the Easter deadline the US no longer has enough legislative days left in its Congressional calendar to win approval for the agreement ahead of presidential elections in November.

Speaking in Paris at a conference on world trade and investment organised by the International Chamber of Commerce and the International Herald Tribune, Mr Dunkel said that in spite of failure to reach agreement, each deadline "had produced some results."

"It is a very difficult, painful and complicated stage. Negotiations are still moving forwards. We are not blocked."

Chancellor Helmut Kohl, who had talks with President Bush in Washington two weeks ago in an effort to pave the way to a Uruguay Round agreement, will be host to the Munich summit, and has made it clear he wants the agreement settled before then.

Negotiators are now confident that necessary compromises are possible in all areas under negotiation – including services and market access – except farm trade. US officials, who also speak in this context for many farm product exporters in the third world, insist that the European Community must make cuts to the volume of subsidised exports dumped on world markets.

Greece awards water contract worth Dr50bn

GREECE has awarded a Dr50bn (£152m) contract for a dam and tunnel project, to boost the Athens water supply, to a Greek-Austrian-Italian consortium of construction companies, writes Kerin Hope in Athens.

The consortium consists of three Greek companies, Aegek, Domika Erga and Meton, together with Jager of Austria and Seli of Italy. The public works ministry said Aegek and its partners submitted the lowest bid among six contenders.

The project calls for a 90-metre high earth dam across the Evinos river in central Greece, together with a 30 km rock-cut tunnel to feed the Mornos reservoir north-west of the capital.

The ministry said work would begin in the next two months, with completion due by the end of 1995. The Greek state investment budget will initially finance the project, but negotiations are under way to secure additional funding from the European Community, a ministry official said.

The Evinos project was planned to come on stream in the mid-1980s but was postponed because of a funding squeeze.

A sharp decline in winter rainfall in recent years means Athens faces a severe water shortage at a time when demand is increasing by 8 per cent yearly, according to the city water company. At present, the Mornos reservoir contains only five months' supply of water. The government may have to revive an emergency plan to bring water by truck from the Evinos if rainfall is light again this spring.

Australia attacks US on trade report to Congress

By Kevin Brown in Sydney

A SIMMERING trade row between Australia and the US flared again yesterday when Canberra responded sharply to criticism from Mrs Carla Hills, the US trade representative.

Senator Gareth Evans, Australian foreign minister, said a report to the US Congress by Mrs Hills was inaccurate.

The report had said trade was distorted by tariffs, customs valuation practices, export incentives and subsidies.

Senator Evans said the US had been told "vigorously" that the allegations were denied by Australia, which has substantially reduced tariff protection over the last decade.

He said many US trade practices were "unquestionably unfair," especially in areas such as agriculture which were of crucial importance to Australian exporters.

"There is only so much that we can put up with by way of double standards from the US. We do not accept these. . . allegations lying down," Senator Evans said.

His comments follow a series of complaints by Australia about lack of access to the US market, notably in relation to sugar and dairy products, which Canberra claims are virtually closed to imports.

Canberra also accuses Washington of using subsidies to poach its Middle East markets for unsubsidised wheat exports.

The US says its subsidies are intended to combat subsidised exports from the European Community.

Intelsat gives launch contract to China

By Nancy Dunne in Washington

INTELSAT, the international telecommunications consortium, has for the first time in its 29 years granted a contract to China Great Wall Industry Corporation for the launch of an Intelsat satellite in 1995-96.

The contract – for the first model of a new Long March series – is contingent on the receipt of a US export licence. The US state department, which has authority over such export licences, has granted permission in the past for export of two Hughes satellites, launched by Great Wall, for Asiasat and Aussat, two regional systems.

However, each licence application has to be considered separately, and approval will depend on the technology embedded in the satellite, a state department official said.

Mr Tony Trujillo, a spokesman for Intelsat, said the contract to China Great Wall is part of a broader plan by the new director general, Mr Irving Goldstein, to stress price saving and efficiency within the organisation to prepare for competitive threats posed by fibre optic cable and separate satellite systems.

Great Wall is selling its service for an (unspecified) "competitive" price, and Intelsat wants to diversify its launch suppliers, Mr Trujillo said.

The Intelsat board has also endorsed the introduction of medium-term and long-term debt into Intelsat's capital structure in order to reduce the average cost of capital.

Mr Goldstein said in an interview that he is now preparing for the "first foray" into the international capital markets.

"It's another part of our culture change," he said. "Instead of being 100 per cent equity-financed we will move toward a Eurobond offering in the third quarter of 1992."

Intelsat's basic telephonic service will grow "only modestly" on the high density routes connecting industrialised countries, he said. Its main growth for telephone services will be in eastern Europe and third world markets.

When Japan finds two's company, more a crowd

Robert Thomson on the pressure for bilateral deals

WHEN the US and Japan recently reviewed a co-operative financing programme in which Japanese money helps US companies to win third-country contracts, Mr John Macomber, the US Eximbank chairman, lauded Tokyo for a "tremendous" contribution that had led to better bilateral relations.

But the co-operative programme, which has seen joint project financing of about $3bn in the past year, has also prompted questions about Japan's fondness for bilateral agreements and its commitment to the principle of multilateral trade.

The European Community has criticised the US-Japan semiconductor pact and the Structural Impediments Initiative (SII), among other bilateral agreements, while the lowering of Japan's "voluntary" ceiling on car exports to the US also drew attention to Tokyo's apparent willingness to give in to Washington.

On co-operative financing, Mr Iwao Okamoto, the executive director of export insurance at the Ministry of International Trade and Industry (Miti), said that the agreement was "not in any way exclusive", and the reason Japan has such co-operation with only the US is that "we have not received approaches from other countries".

Third country concerns over Japan's willingness to do bilateral deals at the expense of multilateral trade were heightened during President Bush's visit to Tokyo in January which resulted in a target for Japanese companies' purchases of US-made car parts and a widespread fear that the two countries had set an important precedent for managed trade. European car makers complained at the time, but the strongest criticism in recent weeks has come from Australia, which claims that its parts suppliers are unfairly losing out to US companies.

Austrade, the Australian government trade body, has formally warned Tokyo over "two to three" recent cases in which Japanese car makers have allegedly switched sourcing to US companies as a result of trade pressure from Washington. And Mr John Button, Australia's industry minister, said "we would be concerned if trade is going to be based on political considerations rather than commercial ones".

But Japanese officials insist they are as uneasy as their trading partners about bilateralism, and that the country is a firm believer in the benefits of multilateral trade.

US and Japanese negotiators missed a March 31 deadline to finish a market access agreement for foreign paper exports, but talks continued late into Wednesday night, writes Nancy Dunne in Washington.

As part of an "action plan" negotiated during President George Bush's trip to Japan in January, the Japan Fair Trade Commission was to present a survey of competitive conditions in the paper sector before March 31.

Under Miti's Business Global Partnership Initiative, the National Paper Merchants Association announced a voluntary plan to develop business relations with foreign paper producers and 37 Japanese paper distribution companies.

In 1990, imports accounted for only 3.7 per cent of Japanese paper and paperboard consumption compared with 31 per cent in the EC and nearly 15 per cent in the US.

Mr Noboru Hatakeyama, the ministry for international trade and industry vice-minister for international affairs, said Japan's commitment to the success of multilateral negotiations under the General Agreement on Tariffs and Trade was shown when it was one of only five countries to meet Gatt deadlines last month for the submission of tariff reductions on manufactured and agricultural products.

A senior Japanese trade official said agreements such as that with the US on car components were an unwanted result of the "special pressures" arising from the importance of the two countries' relationship.

He and other Japanese trade negotiators insist that, while SII and the pact on semiconductor market share are the result of bilateral negotiations, the carefully worded agreements do not provide specific benefits for US companies. For instance, the chip pact, again becoming an issue in Washington, calls for a 20 per cent "foreign" share of the Japanese market by the end of this year.

But, as with another agreement on foreign access to the construction market, Japanese companies sometimes interpret such pacts as an indication that they should "buy American" in the interests of reducing trade tension and of ensuring the US market remains open to Japanese products. Miti, however, publicly insists that companies should make "commercial decisions" on foreign procurement.

In defending the country's multilateral reputation, Japanese officials point to the extensive work done on new areas such as trade-related investment measures (Trims) and trade-related intellectual property (Trips) as part of the Uruguay Round. Tokyo submitted a landmark discussion paper three years ago on trade-related investment, and has provided detailed submissions in the debate on intellectual property.

And the Japanese government said yesterday that it wants to end a bilateral agreement under which the US is able to monitor equipment procurement by Nippon Telegraph and Telephone Corp (NTT). The agreement, reached in 1980 when NTT was state-owned, has been renewed every three years since then, but Tokyo argues that the Gatt provides sufficient guarantee of a fair procurement process.

These often difficult to digest contributions tend to be overlooked when the political focus is on Japanese trade statistics. Meanwhile, Tokyo has also been accused by some developing nations of trying to tear down the sorts of investment and trade barriers used to shield its industries during the formative years after the war.

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SCANDINAVIAN AIRLINES

ELECTION 1992

Major warns of threat to economy

By Alison Smith

THE STEEP fall in share prices that followed opinion polls indicating a strong Labour lead was used by Mr John Major yesterday to underline his warning that the economic consequences of a Labour administration would be calamitous.

"One rogue poll, a glimmer of thought that there might be a Labour government", and £1.3bn was wiped off share prices, he told Tory supporters in south London.

He insisted that the recovery had begun, and that only the the possibility of a Labour win would stop it.

There was, he said in a radio interview, "clear anecdotal evidence, clear survey evidence", that the recovery had started, and he warned that Labour's readiness to contemplate inflation at the European average – currently 4.6 per cent compared with the UK's rate of 4.1 per cent – would add £2½bn to the costs of industry.

Earlier, the Tory campaign had suffered a further jolt with the remarkable absence of Sir David English, the editor of the Daily Mail, from Mr John Major's visit to the Daily Mail Ideal Home Exhibition.

Tory supporters were clearly taken aback by Sir David's non-appearance. He had been top of the list of invited guests, and party aides had said he would be present to greet Mr Major. A statement from Sir David's office said he had not been informed of the visit.

His non-attendance follows an editorial last Saturday that was severely critical of the Tory campaign, although the newspaper has been one of the party's most effective supporters.

The editorial commented that the prime minister and his team had just 11 days left to "raise their game", and make clear to voters the choice between sound Conservative economic policies and Labour. "If they do not do so, they will lose and they will deserve to lose," it said.

Sir David's statement said that Mr Major's visit had been arranged at the last moment for security reasons, and that information about it was kept strictly to Angex, the company organising the exhibition. "He is, in fact, seeing the prime minister this week for a lengthy interview," the statement ended.

The apparent tensions in the relationship between the Tories and the Mail come after the row about the Labour political broadcast on health last week, when Tory central office gave only to the Daily Express, the Mail's middle-market rival, the name of the consultant in the case.

In the afternoon, people who were able to "Meet John Major" at an informal question and answer session in Tooting, south London, heard the prime minister warn that "Labour can damage your wealth".

He contrasted the rise in living standards for the person on average earnings, taking account of inflation, under the Labour government of 1974-79 – by just £2 a week – with the rise of £68 a week since 1979.

Let's form a coalition and attack the Lib Dems

Mellor condemns sell-off 'muddle'

LABOUR was accused yesterday by Mr David Mellor, chief secretary to the Treasury, of creating "muddle and confusion" over its privatisation plans, Peter Marsh writes.

Mr Mellor called on Mr Neil Kinnock, the Labour leader, to clarify whether a Labour government would announce new privatisation schemes on top of those already in the pipeline.

He suggested that if Labour took power and failed to go ahead with new privatisation programmes, the public-sector accounts would be a further £9bn in deficit over the next two years. Mr Mellor said the Tories planned to gain £8bn from sell-offs in this financial year, followed by £5.5bn in both 1993-4 and 1994-5.

Labour takes lead in Fields' seat

A POLL by the Liverpool Echo newspaper last night suggested Labour is well ahead of the Liberal Democrats and Mr Terry Fields, the expelled Militant supporter, in the city's Broadgreen constituency.

Ms Jane Kennedy, the official Labour candidate, has 43 per cent support of those who have decided, with Ms Rosemary Cooper, the Liberal Democrat, on 28 per cent. Mr Fields, standing as Labour Socialist, has 16 per cent.

Yardley upset

YESTERDAY'S Birmingham Evening Mail gave Labour a strong lead in a poll in the marginal Birmingham Yardley seat, held by Mr David Gilroy Bevan for the Conservatives. The poll by Quality Fieldwork gave Labour 40 per cent (up from 36.6 per cent in 1987), the Conservatives 35 per cent (42.6 per cent) and the Liberal Democrats 24 per cent.

Rosie fights a mean time in Greenwich

Michael Cassell on the fortunes of some minor players in London

ROSIE BARNES momentarily drops her dimpled smile: "I am not the motherhood, apple pie and furry rabbit party. The remark was arrogant and condescending and it will backfire on him."

Such intemperate asides from Mrs Barnes are rare as she bustles from door to door in an heroic attempt to defy the political tide and hold on to Greenwich, the south-east London seat she took for the Social Democratic party in a 1987 by-election and retained months later in the general election.

Mrs Barnes was reacting to remarks about her attributed to Mr Nick Raynsford, who achieved his own by-election victory in Fulham in 1986 but proved somewhat less adept than his latest opponent in holding on.

Mr Raynsford is trying to regain Greenwich for Labour, backed by a party machine which has appeared efficient and effective across the capital. Mrs Barnes has no party behind her, furry rabbit or otherwise, though she has attracted from around the country the enthusiastic help of those for whom the flame of social democracy still flickers.

It may not be much comfort to her but she is not entirely alone in London's 84 parliamentary constituencies in pitching herself against the big battalions of the Labour and Tory parties.

Mr John Cartwright, the other surviving SDP "mould breaker" is defending nearby Woolwich while, further west along the Thames, Mr Simon Hughes is fighting for the Liberal Democrats in Southwark and Bermondsey, held by him since another famous by-election victory in 1983.

For all three, the outcome of the general election is particularly uncertain. The psephologists might forecast all three swept away by a resurgence in the fortunes of a Labour party which once regarded London as its own; Barnes, Cartwright and Hughes trust it is not quite as simple as that.

Each will be counting heavily on their ability to muster a significant personal vote, built on their record as active constituency MPs who have assiduously carried out local responsibilities.

In Woolwich, John Cartwright is "the man with time for everyone" who has lived locally for 30 years, while Mrs Barnes, after 31 years in Greenwich, has an "almost intimate" relationship with her constituents. Simon Hughes is "100 per cent dedicated" to Southwark and "doesn't just work here – he lives here!".

Mrs Barnes may be nearest to the brink of political oblivion. A swing to Labour of less than 3 per cent will be sufficient to see her off. She reckons the absence of any party label could knock 10 per cent off her potential vote but, against that, she is not being opposed by a Liberal Democrat rival and intends to tap for all it is worth an obvious fund of goodwill among local voters.

Her posters are everywhere and she is quickly recognised on run-down council estates once the exclusive preserve of Labour. She appears to have involved herself in the problems of countless individual voters, whether bed-bound pensioners or ex-convicts in need of accommodation.

Accordingly, her critics dismiss her as a glorified social worker, a description she partly accepts, before emphasising the added value of a seat in the Commons. If she wins, it will be an extraordinary tribute to her grass-roots diligence.

Though an even smaller swing to Labour will dislodge Mr Cartwright in favour of Mr John Austin-Walker, Labour's candidate, he may have a better chance of survival. His reputation is high and, like Mrs Barnes, he effectively capitalises on evident discontent over the record of the local Labour council, of which Mr Austin-Walker, a race equality officer, is a former leader.

National issues take second place or are translated into the particular problems of Woolwich. He accuses the leftwing council of imposing, because of its ineptitude, crippling increases in the cost of meals and home helps which will wipe out the benefit of any pension increases pledged by a Labour party oozing moderation at national level.

While Mr Austin-Walker concentrates on unemployment, training and education, Mr Cartwright complains of dirty pavements, closed libraries and swimming pools and calls on "wise Tories" to back him in a seat which the Conservatives have not won in more than 70 years. He has the personal endorsement of Dr David Owen, the former SDP leader – not necessarily an entirely helpful gesture – and could take the Liberal Democrat whip in the Commons if he wins again.

In Southwark, Mr Hughes mixes a careful blend of parochial and parliamentary issues. He is portrayed both as the caring, local boy with more than 10,000 cases on his books and as a politician with a national profile gained by the demands put upon individual MPs in a small Westminster party. Mr Paddy Ashdown, his leader, has been seen in the constituency more than once.

He holds a majority of 2,779 over Labour, represented by Mr Richard Balfe, the MEP and former leading light in the old Greater London Council who once sought selection in Greenwich. Mr Hughes, too, is exploiting disenchantment with the Labour council and fights on issues such as street lighting and pensioners' bus passes, while simultaneously pushing the party line on national issues. The biggest issue, according to a constituency worker, is "housing, housing and housing".

Mr Hughes should survive, though all three London candidates defending seats not already claimed by the two main parties at least face the possibility of seeing years of constituency work come to naught in the wake of national forces beyond their control.

All will be hoping that the capital is big enough to give them another crack of the whip.

Lydia van der Meer

Rosie Barnes, angry at charges from her Labour opponent that she represents the 'furry rabbit party' canvasses Doris Hunt, at home with her dog on the Charlton Estate

THE ISSUES: ENERGY

Approaches to the future from opposite poles

By David Lascelles, Resources Editor

ENTIRE government departments are seldom at risk during elections. But the Department of Energy's future depends on next week's poll.

The Tories have threatened to wind the department up for good and all if they win, believing it has outlived its usefulness. Labour will keep the department because they think there is still much to be done on the energy front.

This shows how far apart the main parties are on energy. The Tories are committed to creating a free market in power and fuel which will remove any need for a central bureaucracy.

They have handed the gas and electricity industries over to Sid. If they survive to see through their planned early sell-off of British Coal, all that will be left in state ownership is the nuclear power industry, which is due for review in 1994.

But the story is not as close to its end as the Tories suggest. Recently there has been growing reaction to the consequences of privatisation, in particular the near-monopolies in power generation and gas and the strong influence they have on energy prices.

A future Tory government could face pressure to break these organisations up further. Allied to this is the question of whether the regulators are proving effective enough in keeping the utilities up to the mark. The Tories are promising to attack anti-competitive behaviour "with vigour" and introduce new legislation to deal with cartels.

Labour intends to take a more interventionist line. Much of its policy is based on the party's commitment to saving the coal industry which it sees playing a key role in a national energy policy.

This would mean guaranteeing a price for coal supplies and banning coal imports, which would save jobs but might also entail higher electricity bills. Although Labour has given up any idea of renationalising the electricity industry it would "restore public control" of National Grid in order to reassert government power over electricity supplies.

But it is not clear quite what this means. Mr Frank Dobson, Labour's energy spokesman, seems to have backed off from a commitment to renationalise the grid.

Labour would try to husband North Sea oil and gas reserves by measures to encourage more efficient recovery from undersea wells, and put a brake on the "dash for gas" which is leading to the construction of a wave of possibly unnecessary gas-fired stations.

One of the biggest areas of uncertainty is nuclear power. The Tories are being cautiously non-committal. Their manifesto stresses "safe and economical nuclear power", with safeguards for the management of nuclear waste.

Labour would complete the one nuclear station still under construction – Sizewell B in Suffolk – but would build no more and would allow the industry to wither away.

The Liberal Democrats take the strongest line. They would stop Sizewell immediately and phase out all nuclear power by 2020. They also support proposals for an EC energy tax – something that neither the Tories nor Labour are keen on. If the Lib Dems got the energy portfolio in a coalition government they could have quite an impact.

Whichever party wins, we shall be hearing much more about energy efficiency, both to save fuel and spare the environment. The Tories will set up an independent Energy Savings Trust to promote energy efficiency, and there may be new building regulations to improve energy use.

Labour goes one better: it will set up two new agencies, one for energy efficiency, one for renewable energy. But it will also require gas and electricity companies to play a leading role in promoting insulation and energy saving.

Outcome crucial for British Coal

By Juliet Sychrava

THE election will affect British Coal more than almost any other UK company. Under the Conservatives, it will be privatised, and might eventually shrink to almost half its present size. Under Labour it would be a public company, and the bulk of its pits would stay open.

"If we are elected," says Mr Frank Dobson, the shadow energy secretary, "we would immediately stop any move to privatise British Coal, and reverse any moves designed simply for privatisation."

Labour would also protect British Coal's markets by a moratorium on building new gas-fired power stations, to force the electricity industry, British Coal's main customer, to keep buying coal.

Labour would further protect British Coal by restricting imports of foreign coal.

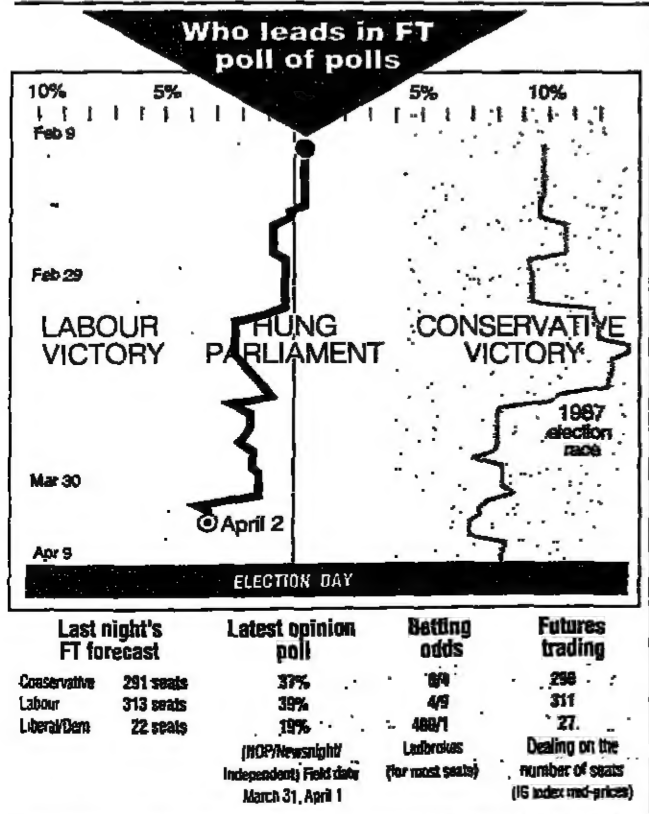
The Conservatives welcome competition from gas and imported coal because it will put pressure on British Coal prices, and thus on electricity prices.

If a Conservative government is returned, National Power and PowerGen, the generating companies, will probably announce plans to increase coal imports by building new terminals capable of handling around 40m tonnes by the mid 90s.

Whoever wins on April 9 will oversee the contract talks which will determine how much coal British Coal sells to the electricity industry.

A Conservative government would be more likely to influence British Coal to drop prices and tonnage sales to the generators, and to sign a one-year contract rather than the long-term agreement the company would like - and would get under Labour.

Who leads in FT poll of polls



	Last night's FT forecast	Latest opinion poll	Betting odds	Futures trading
Conservative	291 seats	37%	6/4	298
Labour	313 seats	39%	4/9	311
Liberal/Dem	22 seats	19%	400/1	27
		(NOP/Newsnight/Independent) Field date March 31, April 1	Ladbrokes (for most seats)	Dealing on the number of seats (IG index mid-prices)

* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last campaign. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

Nationalists strive for elusive final breakthrough

The SNP is stuck at around 27% in the polls, writes **James Buxton**

MR ALEX Salmond, leader of the Scottish National party, yesterday came close to admitting that the party is unlikely to succeed in its aim of winning a majority of seats in Scotland.

"When you are in a race you conduct yourself on the basis that you are going to win," he said. "But I fully concede that it would be a substantial task to obtain and sustain a mandate for independence over the next week."

The SNP is stuck in the opinion polls at around the 27 per cent mark which it reached and slightly exceeded in early February. To win the election in Scotland and take 37 of the 72 Scottish seats, it needs about 40 per cent of the vote.

Last night Mr Salmond welcomed a poll which suggested SNP support had reached 31 per cent, but this was dismissed by other parties as being out of line. The poll was carried out by Market Research Scotland and commissioned by the Aberdeen Press and Journal and Grampian Television.

According to most polls, the party may add about half a dozen seats to the five it already holds (one of which, Dunfermline West, came to the SNP with the defection of a Labour MP and looks likely to return to Labour).

Yet the likely tally of seats belittles the party's achievement. The SNP could match its performance of October 1974, when it won 11 seats with 30 per cent of the vote. It has doubled in popularity since the 1987 election, when it had only 14 per cent of the vote and took three seats. That rose to four when Mr Jim Sillars won Glasgow Govan from Labour in a by-election in 1988.

Although it has policies on virtually everything, the SNP's first aim is independence.

This means it can often command a degree of commitment among large numbers of sympathisers which in other parties would only be expected from regular party workers. Sometimes the SNP resembles a covert resistance movement: people in senior positions confess in private to helping the party, but are unwilling to be identified publicly with it.

This election is crucial for the SNP. The main issue in Scotland is the country's constitutional future and the SNP believes it offers the best chance in a generation of Scotland winning independence.

Since 1987 the SNP has carefully laid the foundations for success. It adopted the policy of seeking independence as a member of the European Community, which reassured those who believed it wanted Scotland to sail off into isolation.

Its leaders, Mr Salmond and Mr Sillars, are highly able and, in the case of the latter, almost charismatic. It has abandoned any association with 'tartan and haggis' nationalism, and talks mainly about economics. Above all, it offers a reasonably clear message.

If the SNP wins a majority in Scotland, it will claim its mandate to negotiate independence from London, then put the terms to a referendum. It would then hold elections under proportional representation to the new Scottish parliament and would hope to win.

But the SNP campaigns simultaneously on its independence platform and on the policies it would implement if elected to run Scotland. It would withdraw from the Trident nuclear weapons programme and inject £9.8bn of public spending into the Scottish economy over four years to get unemployment down from 9 per cent to zero.

The main aim is to attract the Labour-voting working class in the industrial central belt. Somehow the party manages to finesse the fact that these policies are not tailored for its supporters in rural north-east Scotland, where three of its five seats are and where its main opponents are Tories or Liberal Democrats.

To an extent the strategy is working. The SNP has strong support among the young, cemented by several Scottish rock stars such as Pat Kane of the group Hue and Cry. Actor Sean Connery has done voice-overs for election broadcasts.

In the posh Glasgow constituency of Hillhead, held by Mr Roy (now Lord) Jenkins before he lost it to Labour in 1987, a System Three poll this week showed SNP support up from 6 per cent in 1987 to 22 per cent.

But though the party says "no Labour seat is safe", Labour's majorities still look too big for the SNP to scale. There is a disappointing gap between the SNP's 27 per cent in the polls and the 35 per cent who back independence, suggesting that independence supporters back Labour or the Liberal Democrats.

The SNP still nurses hopes that the Tories may look set to win the election in Britain and trigger a last minute flight of Labour voters. It hopes to win urban Labour seats such as Kilmarnock, Paisley, Motherwell South and Clackmannan, as well as Dundee East, which it lost in 1987. But its best hopes lie in taking three Tory-held rural seats, including that of Mr Ian Lang, the Scottish secretary, in Galloway, and in wresting Argyll & Bute from the Liberal Democrats.

THE Scottish Liberal Democrats yesterday launched a manifesto for business, claiming that they were the only party which offered a stable environment for business in Scotland, Bethan Hutton writes.

The manifesto will be circulated to 2,000 businesses and invites them to "imagine a business climate governed not by political expedience but by common sense."

Recent surveys have shown most Scottish businesses to be opposed to constitutional change, but Mr Malcolm Bruce, the leader of the Scottish Liberal Democrats, said businesses should realise that the status quo was "no longer an option".

Opinion polls show the Liberal Democrat vote slipping in Scotland, but Mr Bruce said that polls had put the party in a similar position before the 1991 Kincardine and Deeside by-election, which the Liberal Democrats won with a record swing.

ELECTION 1992

Kinnock disappoints Lib Dems over PR

By Ralph Atkins

MR NEIL KINNOCK yesterday announced that a Labour government would invite other politicians to join its planned inquiry into electoral reform, as the party unveiled further details of its programme for constitutional change.

However, if the Labour leader's gesture was intended as an olive branch, it fell short of the demands of the Liberal Democrats.

Mr Kinnock said Labour wanted a broad consensus behind any proposals for change and to allow the British people to express their view, almost certainly via a general election under the present first-past-the-post system.

In contrast, Mr Paddy Ashdown, Liberal Democrat leader, said he would not join a coalition government unless there was a commitment to legislation for proportional representation in the first Queen's Speech of the new government.

He envisaged agreement on details in time for a Bill to be introduced in the first session of parliament. A referendum would then take place after the legislation had been approved by MPs but before it came into effect.

Mr Kinnock saw no chance of the party's committee on electoral reform, chaired by Professor Raymond Plant, reaching a conclusion in time for the Queen's Speech. The next interim report from the committee was not expected until the party's annual conference in the autumn, he said.

On the election of a Labour government "extra authority" would be given to the committee.

There would be invitations sent to other political parties and to representatives of the churches, trade unions, and business, Mr Kinnock said. He declined to give his views on proportional representation, however. "The whole purpose of the exercise in the first place was to gain the most thorough and comprehensive analysis and to make recommendations on the basis of consensus," he said.

Asked if he would hold a referendum on any changes, Mr Kinnock replied: "In the event of any propositions coming forward of significant change, it is the British people who will have the power of decisions."

He added: "The way that we make decisions of that nature, conventionally in the British system, is by process of general election. That remains my preference. It always has been."

Later, Mr Roy Hattersley, deputy party leader, set out how Labour would, immediately on coming into office, require senior government appointments to be examined by all-party committees in the Commons.

He said Labour would protect individual rights with a comprehensive "Charter of Rights" made up of specific acts of parliament. It would cover equal treatment under, and access to, the law; rights of women; and the rights of ethnic minorities. Other Labour proposals for constitutional reform included a Freedom of Information Act, the replacement of the House of Lords with an elected second chamber, Scottish and Welsh parliaments, and a review of the criminal justice system.

Mr Hattersley reaffirmed that Labour favoured fixed-term parliaments but allowed himself a let-out in the case of a hung parliament. An early general election could be called in "specific and well defined circumstances," he said.

C2s cheer electoral reform supporters

By Andrew Adonis

IT'S the C2s – those semi-skilled workers allegedly flocking to Mr Neil Kinnock's banner – rather than the chattering classes who are in the vanguard of the movement for constitutional reform.

So proclaimed Charter 88 yesterday at the launch of its "Democracy Day" – a reform crusade involving more than a hundred meetings of election candidates in pubs and halls across Britain last night.

Electoral reform, freedom of information and incorporation of the European Convention on Human Rights into English law may not yet be the talk of the street over a pint in The Rover's Return, but Charter 88 says it's the C2s who are keenest to bring down the whole rotten system.

To prove it, Professor David Marquand, very much an A1 from Sheffield University, appeared at a meeting in London brandishing findings of an NOP poll, conducted for Charter 88 in the first week of the election campaign. These revealed that of all social classes, semi-skilled workers were most dissatisfied with the existing political system.

Asked if they thought Britain's system of government "could be improved quite a lot" or "needs a great deal of improvement", 50 per cent of As and Bs agreed, 63 per cent of C1s did so, but 75 per cent of C2s assented.

The proportion of C2s believing the system "works well and could not be improved" was too small to figure – but then of the whole sample only 3 per cent subscribed to that view. Quite what changes the C2s want was not explored, but Professor Marquand is convinced they are not only right but deeply wise.

"The parties are shouting themselves hoarse about economic and social issues about which they can do little – and ignoring concrete constitutional reforms within their grasp," he said.

Ignored or not, Mr Peter Pulzer, professor of government at Oxford, was convinced they would dominate the next parliament. "This election is the beginning of the end of unrepresentative and over-centralised government in the UK," he said gravely.

It was a line cheered from across the bar by Mr Graham Mather, erstwhile director of the Institute of Economic Affairs.

"Supporters of market economics are increasingly recognising that the advances of the 1980s need to be followed by tackling institutional problems in the 1990s," he said.

Nodding vigorously, Ms Beverley Anderson, Charter 88's chairperson, stressed the number of Tories taking part in last night's debates.

Who knows, before long they might even climb on to soap boxes and start preaching the virtues of the single transferable vote in multi-member constituencies.

Editorial Comment, Page 14

Labour's fear of the dreaded 'D-word'

IN Mr Neil Kinnock's Labour party it has become known as the "D-word". Those brave or foolish enough to speculate about devaluation within Mr Kinnock's earshot receive the kind of reception that Mrs Margaret Thatcher once reserved for friends of European federalism.

His mind has become as closed to the possibility of a post-election devaluation of the pound as was Mrs Thatcher's to the infamous "F-word" which provided the trigger for her downfall as prime minister.

As the election campaign has unfolded, Mr Kinnock has become firmer and firmer in his public rejection of the notion that a lower exchange rate might have a part to play in his economic strategy.

Yesterday he underlined again that a Labour government would "do what is necessary" to maintain sterling's parity within the European exchange rate mechanism. What is necessary includes, as a last resort, putting up interest rates.

The logic behind such statements – echoed daily by Mr John Smith, the shadow chancellor – is obvious. If Mr Kinnock wins on April 9 it will be because he has persuaded enough of the electorate that his party has crafted at last a credible approach to running the economy. To admit that it might contemplate a fall in the pound's value would undercut decisively any such claim.

Yet as the prospect of a Labour victory has increased, Mr Kinnock's public pronouncements on sterling have been mirrored by a hardening of his private thinking.

Colleagues in the shadow cabinet – including those more favourably disposed to the notion that the pound might be overvalued – believe that Mr Kinnock in Downing Street would not change his mind. Like Mr Harold Wilson in the 1960s, he has become mesmerised by the notion that devaluation is not an option for a Labour government. It is a view that has been shaped by a coincidence of short-term political judgment and of his broader personal philosophy.

Mr Kinnock conspicuously has not said that he believes that the rate at which Mr John Major set sterling's value against the D-Mark in October 1990 was the right one. Some of his closest advisers think that *DM2.95 was too high.*

But the pragmatism that has persuaded him to reject the possibility in opposition has convinced Mr Kinnock that he could not devalue once in office. His argument – shared by Mr Smith – is that even if the exchange rate was set at too high a level in the ERM 1990, the costs of realignment would far outweigh the benefits.

By breaking its pre-election pledge, Labour would undermine immediately its credibility in financial markets. Instead of allowing a fall in interest rates, it would force borrowing costs higher, in turn wrecking the party's long-term programme to encourage investment. It might take years to regain the markets' trust.

Devaluation would be interpreted also as a sign of weakness by union negotiators and the newly appointed ministers in Whitehall spending departments lined up against a Labour chancellor.

It is here that the practicalities fit in with Mr Kinnock's broader political outlook. The experiences of his party's defeats in 1983 and 1987 have shaped an outlook instinctively repelled by soft options.

His assessment of the past failures of his party, and of previous Labour governments, is that they were too easily seduced by "alibis" – an instinctive preference to avoid *taking hard decisions*. Mr Kinnock's view is that devaluation would fit into that category – a temporary but ineffective and ultimately destructive refuge against economic reality.

The Labour leader cannot rely on the coincidence of personal conviction and political judgment to put to rest a post-election debate about devaluation.

If Mr Kinnock wins the election, the financial markets cannot be guaranteed to take him at his word. If the markets demand a rise in interest rates as proof of his resolution, there will be some in his cabinet who will demand that the devaluation option is discussed.

He can claim justly that the case for devaluation put in a recently leaked policy paper by one of Mr Smith's advisers has no official status. Mr Andrew Graham, the Oxford don, delivered the paper two years ago – before sterling had been put in the ERM and before the recession.

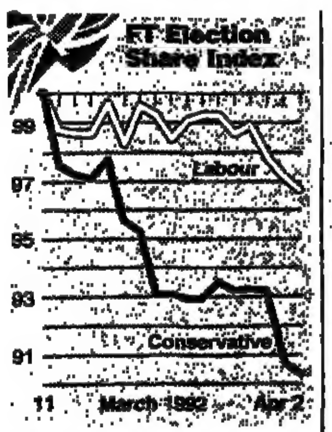
Even so, its analysis – suggesting that the combination of a lower pound and a tighter fiscal policy would be the most effective way of re-establishing a more competitive economy – is shared by some of Mr Kinnock's colleagues.

Mr Kinnock could of course follow Mr Wilson's example and forbid debate of devaluation in his cabinet. The most powerful of his colleagues would support him. They believe that even it it meant higher interest rates, the Labour leader would stick to the strategy. Not all, though, would be sure that it was a price worth paying.

Philip Stephens

Ashley Ashwood

Setting his sights: shadow chancellor John Smith has repeatedly pledged that Labour would not devalue the pound



● Labour win/Conservative defeat stocks.................96.82 - 0.25
● Conservative win/ Labour defeat stocks.......90.18 - 0.56
● FT-SE (rebased).........95.37 - 0.13

SINCE the campaign started shares that might benefit from a Tory victory have dropped close to 10 per cent. Those which might gain if Labour comes to power are 3 per cent down. "Conservative gainers" dropped over ½ a point yesterday, while "Labour gainers" fell by a ¼ point. The big losers among Conservative stocks were S.G. Warburg, the investment bank, down 8p to 463p; and Whitbread, the brewer, down 8p to 386p. The big loser on the Labour side was ICI, down 15p to 1,224p.

CBI attacks shadow Budget

By Peter Norman, Economics Correspondent

LABOUR's plans for a sharp increase in the taxation of individuals earning more than £22,000 a year could abort economic recovery and turn the UK's recession into a slump, Sir John Banham, director-general of the Confederation of British Industry, warned last night.

Although Sir John took care not to mention Labour by name, his unusually blunt speech made clear that Labour's taxation policies were the object of his attack. He told business executives in Sheffield that Labour's tax plans could result in a further fall for house prices and consumer confidence. Jobs would be lost throughout the UK as home-owners and taxpayers cut their spending, *"perhaps by as much as £20bn"*, he said.

Sir John, who will soon retire from the CBI, added that Labour's proposals for a national minimum wage "would rekindle inflation". The party's policies would damage the UK's competitive position and could hinder inward investment. He warned that CBI members would put their UK investment plans on ice in the event of Labour's policies being enacted, adding that "the freeze might be a long one".

Shortly before Sir John spoke, a survey of business leaders by COBA, a management consultancy group, indicated that Labour has failed to win business support for its economic policies.

In a poll of 100 top executives in industry, banking and commerce, *the group found* that 73 per cent thought that their company would be directly affected by a change of government, compared with 35 per cent when the same sample was polled in 1990.

After netting out positive responses, COBA said a balance of 49 per cent expected a change in government would result in falling revenues for their company, while a net 48 per cent expected to cut employment. On balance, around four out of 10 executives expected to cut investment plans and become more risk-averse if the Conservatives lost the election. A net one in four forecast worse labour relations and indicated that they would consider shifting some of their operations abroad.

The survey was conducted *after the publication of* Labour's shadow Budget and contrasted with COBA's 1990 survey, when the majority of respondents felt that a change in government would be unlikely to affect their own industry.

In the latest survey most executives interviewed by the consultancy thought that a Labour government would be bad for the UK economy. A net 81 per cent of interviewees expected interest rates to rise.

On balance, 64 per cent expected sterling to fall and inflation to rise, while 62 per cent of the executives interviewed forecast that corporate profitability would fall under Labour and a net 46 per cent said they expected lower productivity.

Green issues high on opposition agenda

By John Hunt, Environment Correspondent

LABOUR'S first Budget would be accompanied by a "green book" setting out the environmental impact of the measures proposed – the environmental equivalent of the traditional red book, which outlines the financial consequences of Budget measures.

Mrs Ann Taylor, Labour's environment protection spokeswoman, said yesterday that the environmental implications of all other proposed legislation would also be clearly set out.

Labour wants to make environmental considerations part of the machinery of government. Measures of this type have long been advocated by "green" pressure groups.

The undertakings are in Labour's environmental programme, A Clean Start, published yesterday. It lists 18 proposals the party would put into action in the first 50 days in office.

It is proposed that the regulators of the gas and electricity companies would impose obligations on them to become "energy services companies rather than businesses whose profits come from maximising energy sales."

Mr Bryan Gould, shadow environment secretary, promised a new environmental protection agency to set and "rigorously enforce" pollution standards.

Ashdown warns against minority government

By Ivor Owen

MODERATE Conservative and Labour voters should deny both Mr John Major and Mr Neil Kinnock the opportunity to form a minority government after the election, Mr Paddy Ashdown, the Liberal Democrat leader, said last night.

He told a rally in Eastbourne, East Sussex, that neither Mr Major nor Mr Kinnock would have the right to try to go it alone in a hung parliament, and that pressure from within the Conservative or Labour party could ensure a coalition government, involving the Liberal Democrats.

He reaffirmed that such a coalition would have to introduce a bill authorising the introduction of proportional representation as a replacement for the present first-past-the-post voting system in the first session of the new parliament.

Mr Ashdown's speech came after a visit to Cornwall and Devon produced evidence that Mr Major's warning that a vote for the Liberal Democrats could put Mr Kinnock into 10 Downing Street could rebound on the Tories.

There were indications of Conservative candidates fearing that Labour supporters could interpret the warning as encouragement to switch to the Liberal Democrats.

As soon as Mr Ashdown crossed the River Tamar into the Cornwall South East constituency, Liberal Democrat activists assured him that they were poised to repeat their February 1974 victory, when a combination of Tory defectors and tactical voting by Labour supporters defeated Mr Robert Hicks, the sitting Conservative.

Mr Hicks regained the seat in October 1974 and has held it since; but his confidence that he will beat off the Liberal Democrat challenge next *Thursday does not appear to be* shared by some of his party workers.

Buoyed by favourable reports from other Cornish constituencies, Mr Ashdown brushed aside statements by Mr Major that he would never be a party to introducing proportional representation – the Liberal Democrats' key objective.

Mr Ashdown, buoyed by the findings of recent opinion polls and the response he has received on his nationwide election tour, told a rally in Eastbourne last night that a vote to replace Mr Major with Mr Kinnock would not be enough.

He dismissed Labour's slogan "time for change" and said Mr Kinnock was not seeking "real change".

Mr Ashdown added that a Labour victory would be a return to the old system with a "gang of playground bullies" using their strength to grab Buggins' turn to do whatever they like.

It would be a return to so-called "strong government" which refused to accept the verdict of the ballot box and told people they had wasted their votes.

Mr Ashdown described the poll tax as a "cocktail of mis*hap, miscalculation and may*hem" dispensed by Mrs Margaret Thatcher because "the lady loved her power – and loved it absolutely".

He warned that a Labour government would also be likely to abuse unfettered power.

Mr Ashdown called on Mr Kinnock to stop "wobbling on the fence" and make it clear whether he would support the introduction of proportional representation. He declared that the Liberal Democrats would insist that next week's election would be the last to be held in Britain on "our unfair, out-of-date and inefficient voting system".

Quotes of the day

I don't favour PR, I wouldn't introduce PR, and there are no circumstances in which I will introduce PR
John Major

He [John Major] is a grey man who wears a lot of grey suits which he always manages to make look as though they came *from the* high street
GQ magazine style editor Peter Howarth

Neil Kinnock does not have an elegant personality. He has a boyo look and he will never look very good no matter what he wears.
British Style magazine editor John Taylor

It's nice to be in Devon again
Paddy Ashdown to a supporter in Saltash

It's Cornwall
Supporter in Saltash to Paddy Ashdown

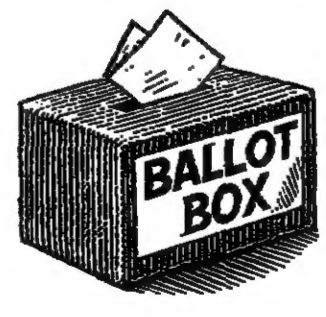
Unions go on holiday

THE PROFILE of Britain's union leaders in the election campaign has been low to the point of invisibility. Indeed, some of the leaders of organised labour have been taking the opportunity to take holidays before, as they hope, returning to share power with a Labour government.

Bill Jordan, the president of the Amalgamated Engineering Union (AEU), has just returned from a week in the Canary Islands with his wife. Meanwhile, a group of 10 senior officials from the AEU, the GMB general union and the TGWU general union *have just set off for a* short golfing holiday in Portugal.

In spite of the TUC's unprecedented forgetfulness about formally endorsing the Labour party, one or two union leaders have been quietly doing their bit to get the vote out in their own unions.

John Edmonds, leader of the GMB, Rodney Bickerstaffe, leader of Nupe, the public services union, and Bill Morris, leader of the TGWU, have been the most active. But the leaders of the proudly independent AEU have been behind their desks working quite normally – at least when they are not on holiday.



Honest man

THE CHAIRMAN of one ward Conservative association in north-west England said yesterday: "Our whole strategy now is just to get our vote out. We are not trying to convert anyone. Any change we are discovering on the doorstep is the other way – to the Liberal Democrats or Labour. *The game is being played in* our half, not theirs. Defence is now our only option. We are very disappointed with the performance of Central Office. Lamont has been a disaster and Heseltine under-used or wasted. Hurd seems to have played little role, despite the wide respect he commands. And I'm afraid John Major looks far too much like a civil servant."

Tory quiz

THE CAMPAIGN is testing candidates' ingenuity to its limits, if this flyer from the Conservative candidate in Wimbledon is anything to go by: "Play the Wimbledon general election quiz with Charles Goodson-Wickes.

"Q1: Which two Johns, in their time, knew the buildings at Rutlish very well?

"Q2: In which year did Horatio Nelson move to Merton Place?

"Q3: Where is the All England Lawn Tennis Club thinking of moving to, if the Labour council doesn't help them?

"Q4: How many Liberal councillors are there on Merton Council?"

Quite how asking these questions – to which answers are not provided – will help Goodson-Wickes is not clear. On the other hand, he should not need much help. He won just over 50 per cent of the vote last time, with the old Alliance down at 27 per cent in second place.

Teachers' vote

SHOULD John Major fall under a bus next Thursday, it is said that Kenneth Clarke would not mind applying for the vacancy.

This week's ICM poll of teachers – his flock as education secretary – won't exactly boost his chances. It showed that after 18 months of bullying from Clarke, Tory support among Britain's 450,000 teachers has plummeted to 20 per cent – against 51 per cent for Labour. In the halcyon days of 1979, polls showed 45 per cent of the nations's teachers behind the Thatcher banner.

"They're voting for a quiet life," was the characteristically robust response from the education secretary.

Beat the SNP

THE BATTLE of the posters is hotting up. According to Concord Posterlink, the UK's largest specialist outdoor buying agency, Labour has been using 2,200 sites nationwide. The Conservatives are dominating, with 4,500 sites and the Liberal Democrats a poor third with about 500.

Perhaps the most revealing finding of Concord's intelligence-gathering is in Scotland. The Scottish National Party has occupied only 110 sites but the other parties have vastly increased their Scottish blitz. Out of some 3,000 large hoardings, more than 1,000 are now taken up with political advertising. Who says the SNP hasn't got the others running scared?

Computer data

THIS IS the first general election in which the political parties are making widespread use of computers, as the article on the Technology page (page 12) today shows. But corporate computer systems can also be used for political purposes. The UK managing director of a well known international computer company has sent staff a spreadsheet and asked them to fill in their salaries. The system then tells them how much worse off they would be under Labour.

ELECTION 1992

Tories short of doorstep ammunition

Labour is poised to make gains in the west Midlands, write **Richard Donkin and Paul Cheeseright**

ACROSS the red-brick conurbations of the Midlands, candidates are confronting a deep mood of austerity that in some cases assumes almost Dickensian proportions.

A visit to an ordinary household trapped by falling house prices and numbed by the fresh poll tax demand is a visit to Bleak House. But the worst of times for Conservatives has been the best of times for Labour.

For the first time in nearly 20 years, Labour is in a position to win political superiority in the west Midlands. It needs a swing of 10 per cent across the region to regain the status it had in 1974. Events of the last two years and the impact of the campaign suggest, however, that the swing is not so much towards Labour as away from the Conservatives.

Behind the displays of Conservative faith and the fighting talk, the cracks are showing. The Tory campaign has not gone well. You can see it in the offices, on the streets and among the party workers. Heads are down and recriminations are whispered.

Mr David Gilroy Bevan, with a tenuous Conservative hold on Birmingham Yardley, admits: "The electorate is not responding because we have not got the message over sufficiently well to have persuaded people of the real facts." Local Labour leaders sense this: at a meeting this week of council chief executives, the talk was that Labour councillors were beginning to look smug.

Neither Labour nor the Conservatives have much to fear in the west Midlands from the Liberal Democrats, whose best chance of winning a seat lies in Birmingham Yardley. This is not to say that they will fail to pick up votes, however. They could benefit from election boredom and the distaste for the bickering of the two main parties – most noticeable during the 'War of Jennifer's Ear'.

Such bickering is seen as fiddling while Rome burns. The key factor is the economy. People feel that they have done everything the Conservative government has asked. They have rejected the union extremists. They have accepted new working practices and strike curbs. Yet the bargain has not cut both ways. There is no job security.

While many in the west Midlands earn more and live better than they did a decade ago, the region experienced only a brief period of prosperity between two severe recessions.

The downturn of the early 1980s damaged the manufacturing sector, although the parts which survived emerged leaner and more resilient. But even during the short-lived recovery of the mid- and late 1980s, the number of manufacturing jobs continued to decline. This has been offset by the growth of the services sector, but growth has been curtailed by the current recession.

The regional economy is still in the throes of adjustment, and the latest surveys convey the message that any thought of sustained growth can be put off until next year.

Against this background, it is not surprising that the Conservatives are short of ammunition on the doorstep. The choice of daily themes from Central Office seems to bear little resemblance to the realities of life. Concerns are basic.

"People do not actually ask us what is the theme for today. On one canvass last week people were more worried about the state of the pavements in the shopping centre," says Mrs Sandra Brew, the election agent for Mr Roger King, defending the Conservative marginal of Birmingham Northfield.

The Tories have made great play of the tax issue. But while the Budget concessions at the lower end of the tax bracket were handy, they have not been large enough to have an impact when the main concern is whether the job will still exist next Monday.

Charges that Labour will tax everybody out of existence have a hollow ring in a relatively low-wage economy; according to the West Midlands Low Pay Unit, 45.2 per cent of the region's workforce earn less than a basic £185 a week. Labour's plans to tax the highest earners more heavily have little relevance here.

Moreover, the regional economy is critically dependent on the car industry. "Suddenly the motor business on which the west Midlands was founded collapsed. New cars were not selling. Second-hand cars were not selling and long-lease was not working. I urged the chancellor to take the whole of the special levy off in one go. But I was told it would be too expensive," says Mr Gilroy Bevan.

The reduction of the sales tax on new cars from 10 per cent to 5 per cent in the last Budget may boost sales, but in Mr Gilroy Bevan's view the concession came too late to make much difference to the election.

If the Conservative campaign has been undermined by recession, Labour's message has an appealing simplicity. Mr John Cooper, the candidate for Amber Valley in Derbyshire (now becoming a car county by virtue of Toyota's presence), delivers a straightforward doorstep message: jobs, health, education and jobs again, capped by the question: "Isn't it time for a change?"

Knowing that the recession has inevitably eroded the Tory vote, Labour has been chiselling at the cracks. But the bedrock could be stronger than Labour thinks, for two reasons.

First, the west Midlands has a strong tradition of working-class Toryism. Its engineering plants tended to be smaller than, say, the vast textile works which once dominated the north-west and Yorkshire. This produced a closer relationship between boss and worker, making less relevant the old shibboleths of the class war.

The second reason relates to "that nice Mr Major". There is little doubt that west Midlanders identify with a prime minister who did not go to university and knows what it is like to be out of a job.

How this issue of identification with Mr Major will affect the outcome is unclear. The campaign revolves around the question of trust: which leader can best be relied upon to ease, and then cure, the pain of recession?

The parties are getting different answers on the doorstep. The Conservatives suggest that there is a vast number of uncommitted voters. Labour claims that its new pin-striped style is attracting Tory voters.

Observation on the ground suggests that Labour is likely to be proved right. It does not carry the burden of the Tories' recent economic record. However, its well-tuned campaign machine will have to work hard to get the voters out.

Rover returns: Richard Burden (left), Labour candidate in Birmingham Northfield, canvasses at Longbridge car plant

Bookmakers laugh all the way to the poll

By Michael Thompson-Noel

SNUG AS BUGS in silk-lined counting-houses, the bookmakers are coining money hand-over-fist on the UK election.

With the polls still close, the big three bookmaking companies – Ladbroke, Coral, William Hill – are forecasting a record national election turnover of £6m. There would be a second bonanza if a hung parliament were to cause a fresh election.

The mystery is why anybody bets in the face of gruesomely cramped odds and UK betting tax.

In earlier times, bookies used to make sophisticated claims for election betting – arguing that it was an investment instrument whereby voters worried by electoral trends could hedge their bets.

This week, no such claims were heard. Election betting is now a workaday sub-division of "sports betting" – snooker, golf, soccer, etc – whose growth is a counterweight to the slowdown in horse and greyhound betting.

Few punters will grow rich on the election. Yesterday Ladbroke, the market leader, was offering odds of 4/9 (stake 9 to win four) on Labour winning most seats, 6/4 on the Conservatives, and 400/1 the Liberal Democrats. Its odds on a hung parliament were evens, while it quoted 6/4 on Labour winning an overall majority and 4/1 on the Tories doing likewise.

Labour's odds have shortened dramatically in response to the latest polls. William Hill said: "This looks like the turning point of the campaign." "The Tories have got a mountain to climb if these polls are to be believed."

In truth, the bookies' election odds have nothing to do with psephology, or even reality. They reflect only one thing: the weight of money cascading into the counting-houses.

The other beneficiary of election betting will be whoever forms the next government, for the Treasury will collect a windfall – probably more than £1m – in betting tax.

Someone who wagered £100 with Ladbroke yesterday on Labour winning most seats was risking £100 to profit by £44.44 at odds of 4/9. But bookmakers are able to deduct 10 per cent from winnings and stakes, to cover betting tax. So even if Labour wins, the person who bet £100 yesterday at 4-9 will pay tax of £14.44, reducing their winnings by 32.5 per cent to £30. Alternatively, they could elect to pay tax in advance, but only on his stake. If the bet is lost, then his £10 is forfeited as well as his £100.

Sounds crazy?

However eccentric it sounds, some large bets have been struck on Labour. For example, a client of William Hill, a Brighton restaurant owner, has bet £15,000 on Labour to win just under £40,000. Over the past two years, the client placed 11 bets on Labour of £1,000-£2,750 at average odds of a little under 2.22 to 1.

That man was brighter than most pundits and political columnists. But what about the people accepting William Hill's current odds of only 200/1 on the Liberal Democrats winning most seats? Weren't they being robbed given that the true odds against such an outcome were almost certainly in excess of 1m/1?

William Hill was unctuous: "Our current liability on the Lib Dems is more than £500,000. If they win, that's what we'd have to pay out, so we can't afford to be clever. The Lib Dems have been out to 500/1, but every time we push the price out, the punters come nibbling. There is a man in Edgware, apparently, telling everyone to back the Lib Dems and then go and vote for them. We have got to be careful."

LLOYD'S OF LONDON

Investigators unearth irregular transactions

By Richard Lapper

UK investigators have unearthed evidence of irregularities at syndicates formerly managed by Gooda Walker, an agency at Lloyd's of London which managed some of the worst loss-making syndicates in 1989 and 1990.

According to evidence presented by the troubled insurance market to the Commercial Court in London yesterday, the Gooda Walker agency failed to disclose reinsurance transactions aimed at shoring up its business, which went into liquidation last year.

The discovery is likely to have serious implications for the legal battles between Names – the individuals whose capital backs insurance business – Lloyd's and their agents.

Names are insisting that cash calls needed to pay £200m in losses made by the Gooda Walker syndicates in 1989 should be frozen while investigations continue.

The evidence of irregularities was discovered by GW Run Off, an agency set up to manage the affairs of Gooda Walker and is contained in an affidavit presented by Lloyd's to the Commercial Court on Tuesday.

It indicates a series of accounting irregularities at Gooda Walker, centering on the use of so-called time and distance policies. These allow syndicates to reinsure liabilities with outside reinsurers.

Before its liquidation last year Gooda Walker managed six syndicates which mainly specialised in *catastrophe* reinsurance. Evidence disclosed by the affidavit suggested that the agency used cash obtained from one syndicate's time and distance policies to meet cash flow difficulties at another of its syndicates.

Yesterday Mr Alan Lord, chief executive of Lloyd's, said *that GW Run Off, a company* formed to manage the syndicates, had exposed "a number of transactions which appear to have rather odd and perhaps damaging consequences for Names."

In spite of the new information, however, Lloyd's would continue to press Names "to pay cash calls and if necessary draw down the deposits." Failure to meet claims from its policy holders will further damage the insurance market's tarnished reputation.

This means that the legal action by 820 Names who are seeking court injunctions to prevent Lloyd's from drawing down their deposits will continue next Monday.

"I do not think it will change our prospects of succeeding in our ability to draw down on Names' deposits. It will not change the substance of our case," Mr Lord added.

The case in which the Names are being represented by Michael Freeman & Co, was adjourned on Tuesday to allow both sides to consider the new evidence.

The Gooda Walker Action Group, some of whose members are party to the Freeman action, may now mount their own separate legal action.

Lime Street Underwriting Agency, the Lloyd's members' agency that went into liquidation in early March, told its Names it had not re-newed its indemnity insurance nearly one month after the policy had expired, in spite of an instruction from Lloyd's to do so at once, it emerged yesterday. Notification came in late July last year, although the policy had lapsed in June. By then, legal claims for liability by Names against the agency may have been hindered.

BCCI clients attack Manx payment plan

By Sue Stuart

A SCHEME to compensate depositors who lost savings in the Isle of Man branch of the Bank of Credit and Commerce International fails to offer the same rights against the collapsed bank as a similar scheme in mainland Britain, former BCCI clients claimed yesterday.

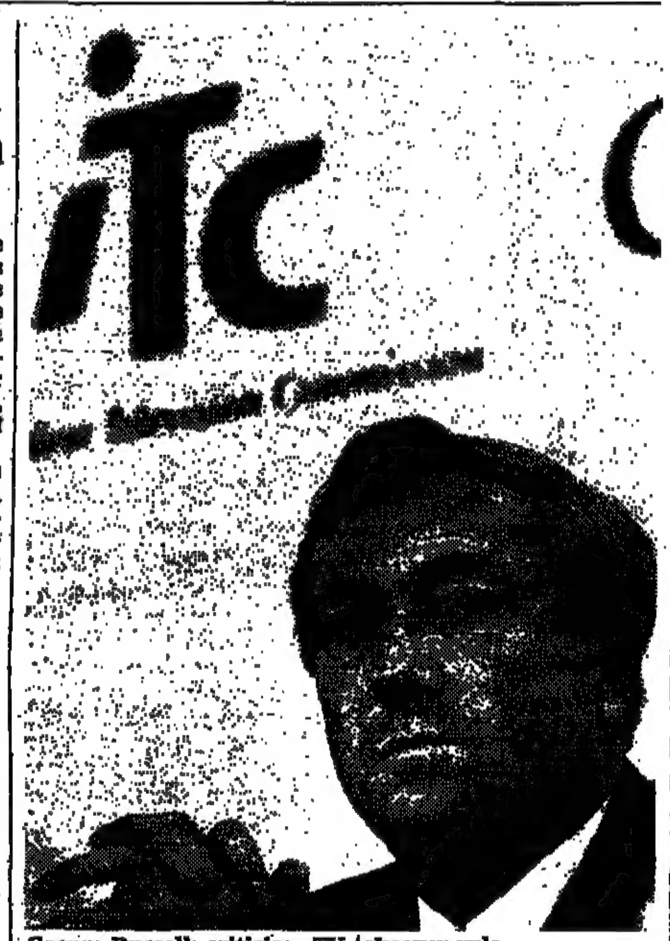
More than 5,000 depositors in the Manx branch of BCCI, which closed with approximately £90m on deposit, have been warned that a repayment scheme drawn up by the island's Financial Supervision Commission could mean they *had less* redress than claimants using the UK depositor protection scheme.

Although the Manx scheme offers the same maximum compensation level offered on the mainland – £15,000 – it also asks depositors to transfer any rights or claims in respect of BCCI, the liquidation and the government of Abu Dhabi contribution fund to the scheme manager.

A spokesman for the BCCI Depositors' Protection Association said yesterday that under the UK protection scheme depositors are asked to relinquish their rights only in *respect of the liquidation and* not in respect of the proposed Abu Dhabi scheme.

He said the association's legal advisers are investigating the difference between the Manx and UK schemes.

Mr Jim Noakes, director of the Isle of Man Financial Supervision Commission, the island's scheme manager, said there is no guarantee the Abu Dhabi scheme will go ahead.



George Russell: criticises TV takeover rules

Television chief attacks takeover rules in Europe

Mr George Russell, the chairman of the Independent Television Commission (ITC) last night attacked the rules allowing EC companies to take over ITV rivals when British companies could not control broadcasters in most other Community countries, writes **Raymond Snoddy**.

In theory From 1994 all 16 independent TV licences in Britain could be held by European companies based outside the UK. "That's only acceptable if British companies are given the same opportunities in Europe," Mr Russell said.

Speaking at the annual Fleming Memorial lecture in London, he also gave support to the growing arguments that there should be fewer and larger ITV companies.

Britain in brief

Stores hit by rise in default on payments

THE number of bouncing cheques in the UK has increased sharply, with high-fashion stores being particularly vulnerable, according to a company that guarantees cheques for about 37,000 retailers.

The risk of default is nearly twice as high with business cheques than with personal cheques, reflecting the difficult commercial climate, Birmingham-based Transax says.

Transax reported that for every 10,000 cheques covering sums higher than the normal bank card guarantee limit of £50 which passed through the retail and banking system last year, 67 personal cheques and 114 business cheques bounced.

Airlines carry less passengers

The number of UK airline passengers fell last year by 6.5 per cent to 98.5m compared with the year before, reflecting the *combined effects of the Gulf* War, the Yugoslav crisis and the recession, according to UK airport statistics published yesterday by the Civil Aviation Authority.

It was the third decline in UK passenger numbers in the past 25 years. They fell by 7.4 per cent in 1974 and by 0.1 per cent in 1981.

New business magazine

The Economist Group has announced it has reached agreement with Diamond Incorporated to jointly launch a new Japanese-language magazine early next year.

To be called Global Business, it will be aimed at internationally-minded senior Japanese business executives, with an initial circulation of some 15,000 and published every *two* weeks.

The magazine's editorial content will split three ways: one third will be translations of articles from The Economist; another third will deal with international business and finance; the final third will focus on domestic Japanese issues. Pearson, publisher of the Financial Times, owns 50 per cent of The Economist; the other 50 per cent is owned by some 200 individual shareholders.

Sony to move

Sony (UK), the distributor of Sony electronic products in the UK and Ireland, announced plans to relocate its headquarters to a business park at Weybridge, south of London.

Trafalgar House, the developer, says it is the largest office pre-let on a UK business park.

About 550 Sony staff will relocate to the building at the end of next year.

UK reserves fall by $7m

Britain's gold and foreign currency reserves fell by an underlying $7m last month, indicating that there was no need for the Bank of England to support sterling in the exchange rate mechanism.

The Treasury announced that the overall level of reserves fell in March by $445m to $44.31bn, largely because of repayments of $437m of borrowings under the exchange cover scheme.

The slight decrease in the underlying reserves was calculated after the deduction of $67m for gold restored by Britain to the central banks of Lithuania and Estonia and the receipt of $14m in contributions from non-combatant countries to Britain's costs in last year's Gulf War

Branson wins radio licence

Independent Music Radio, a joint venture between TV-am and Mr Richard Branson's Virgin group has been awarded the second national commercial radio licence despite being only the second highest bidder.

The Radio Authority, the regulatory body for the commercial radio industry, rejected Independent National Broadcasting Company's (INBC) £4.01m a year win for the pop music franchise.

The official reason given was *that* under the *terms of the* 1990 Broadcasting Act the Authority was not satisfied that INBC would be able to sustain its service over the length of the licence.

UK insolvency holds steady

The number of companies passing into administration and receivership for the first three months of this year in England, Wales and Scotland held at the same level as last year, according to figures from Touche Ross. Insolvency practitioners were appointed administrators and administrative receivers to 1,559 companies in January to March 1992 compared with 1,563 in for the same period last year.

NHS rated as satisfactory

Two-thirds of people appear to be satisfied with the way the National Health Service is run according to a survey published by the King's Fund Institute, the independent health service think tank. Less than a fifth are dissatisfied.

The survey, carried out among 2,165 people in February, showed 64 per cent were satisfied with hospital in-patient services, and 60 per cent with out-patient services.

Award for hospital chief

The chief executive of a leading cancer hospital has become the first candidate from the public sector to win the prestigious Veuve Clicquot Businesswoman of the Year award. *She is Miss Phyllis* Cunningham of London's Royal Marsden Hospital.

British homebuyers seek value for money

David Barchard *examines claims that property valuations are depressing the market*

LAST AUTUMN, Britain's mortgage lenders and estate agents thought the recession in the housing market had reached a plateau and that recovery would soon follow.

They underestimated the depth of the downturn. Between November and January house prices fell by more than one percentage point each month, according to two house price indices published by the Halifax and Nationwide building societies.

On Tuesday this week, Nationwide *building society* – on of the leading lenders – published figures showing that prices fell again in February. But the fall was just 0.2 per cent, encouraging some observers, notably Halifax building society, to say that the housing market may finally have bottomed out.

Coming after two years of deep gloom in the market, such a consistent downward trend is a nasty surprise for both mortgage lenders and home owners, many of whom had expected a recovery in the housing market to have got under way months ago.

The shock is particularly disagreeable if you are a would-be purchaser who has made an offer on a home after persuading the seller to cut his price substantially but still find that the valuer's price is below the one you are offering.

Estate agents report cases in which buyers, finding that they have to raise a few thousand pounds extra in cash because of a low valuation, are forced to withdraw an offer.

"A first time buyer looks for a very high percentage mortgage loan and has got little cash to put in and many want a 95 per cent mortgage. So if the house is valued down by couple of thousand pounds, it is a lot of money to them," says Mr Derek Taylor, general manager of Halifax's estate chain.

Several reasons are commonly given for the collapse in prices:

- first time buyers are still reluctant to enter the market;
- people who bought at the top of the housing boom around 1988 and who expected to become second or third time buyers in the early 1990s instead find themselves grounded. The equity in their homes has been wiped out by house price falls so they cannot to trade up in the market.
- Above all a flood of repossessed homes, 74,500 in 1991 and expected to be at least as much again *this year*, is blamed for drowning any reviving demand.

A further factor is often mentioned among builders, some estate agents, and housing market analysts. They believe valuers and surveyors are talking the market down with over pessimistic house price estimates.

Mr Frank Harris, a London estate agent, gives one example: "We were horrified at a drop of 15 per cent by one valuer when we could show from our records that the market in the city had dropped by only two or three per cent."

But few lenders and only a minority of estate agents can be found who are willing to criticise valuers in public.

A typical view is that it is difficult to value property in a falling market and the general public should realise that the days of inflated house price expectations are over.

"We have been struggling for the past two years to get people to be realistic about what their homes are now worth. It is a very fine line between getting the valuation level that potential vendors are prepared to accept and what a building society is prepared to lend on," according to a spokesman at Royal Life Estates, now the largest UK chain with 584 offices.

Some analysts of the housing and finance industry are certain that lower-than-necessary valuations are a serious problem in the market.

"Many valuers are being ultra-cautious because they are scared of possible legal actions and this is killing some transactions and stopping the market reviving," says John Wriglesworth, a housing finance specialist at UBS Phillips & Drew, the City stockbrokers.

One estate agent who is prepared to agree with this in public is Mr Harry Hill joint general manager at Hambro Countrywide, another of the large estate agency chains.

"In my view the valuers are causing part of the fall in house prices," says Mr Hill.

"We did a survey of our experience in 50 sales in two separate areas and found that in one area 27 out of 50 [properties] and in the other 23 out of 50 had been down-valued," says Mr Hill.

He says valuers sometimes cut a valuation by suspiciously small amounts. "Valuers are always working from an agreed purchase price arrived at after lengthy bargaining so to value the property differently by £150 is extremely pedantic."

Why should this be happening? One unprovable and hotly denied theory is that the lenders have issued secret instructions to valuers to cut prices back to the bone. On this view some valuations now reflect not the normal sale price of a house, but rather what it would fetch if it was placed on the market in a distressed sale or after repossession by the lender.

Newly-built houses have been especially subject to this kind of downgrading. Last September the House Builders Federation voiced its members' suspicions at a meeting with several large lenders.

"It is not in the interests of lenders or valuers to ensure that a deal goes under by down-valuing deliberately," says Mr Paul Hale, managing director of Nationwide Building Society Surveyors.

A more plausible theory is that valuers have become ultra-cautious because they are worried about being sued for damages if their valuation is later proved wrong. Even when there is no litigation, querying of valuations has become more common.

The insurance arm of the Royal Institute of Chartered Surveyors' says claims against the 4,000 firms which use its insurance scheme have soared since 1988. That year it had around 350 claims, costing around £2.5m. By 1990 there were over 700 claims and the cost had jumped to £18m.

"There may may be some nervousness out there, it is always difficult to make a judgment when there are few buyers and fewer transactions around," says Mr David Gilchrist, general manager at Halifax Building Society.

THE PROPERTY MARKET

Strategic choices

By Vanessa Houlder

London's planning regime is once again on the political agenda. Rarely has the overhaul of the capital's planning system seemed so necessary.

Consider, for instance, three decisions taken in the past two weeks.

● This week the London Docklands Development Corporation gave permission for Olympia & York, the Canadian developer, to build another 3.2m sq ft of offices at Heron Quay, next to Canary Wharf.

Yet the need for these offices is unproven. There is already 34m sq ft of vacant office space in London and 33m sq ft of offices are under construction or seeking planning approval in the Dockland's enterprise zone alone. O&Y's ability to undertake the scheme is also in doubt at a time when it is seeking a restructuring of its $20bn debt.

The problems of Canary Wharf, which is 40 per cent unlet, highlight a more general point about the Dockland's *laissez-faire* planning policy. Tenants have been deterred by the delayed introduction of adequate infrastructure and the lack of thought that has gone into making area a pleasant place to live and work.

Critics also argue that the sweeping planning powers of the LDDC have prevented discussion of alternative uses for the land. "There exists a desperate need for other uses for the land: schemes for social housing, child-care and training provision and local employment," says the Docklands consultative committee, an association of Labour-led local authorities.

● Proposals to redevelop a former goods yard at Kings Cross, the largest inner-city site in Europe, remain in the balance, after four years of negotiations. The local authority, Camden, met last week to consider the decision of its chief planner that a 10.3m sq ft planning application provided "the basis for an acceptable scheme", given certain conditions.

But hopes for a swift decision were dashed. Although Camden's planning committee says it wants a settlement, it first wants further negotiations and assurances on the viability of the scheme. "What this unhappy saga illustrates is the total inability of our planning system to determine applications within a reasonable amount of time," says Mr Mark Fisher, Labour's shadow arts minister, in his book on London's future* co-written with architect Sir Richard Rogers.

● After lying empty for several years, County Hall, the former home of the Greater London Council, was sold last week to a Japanese developer which plans to turn it into a hotel; the deal, however, will not be completed until Autumn next year.

Labour, which has pledged to reverse the deal, says the announcement of the sale, days before the UK general election, is provocative. However, the deal invites parallels with the GLC's own highly controversial transfer of land at Coin Street on the south bank of the River Thames to community builders – just before the Tory government abolished the London authority in 1986.

The future of County Hall is the most politically-charged planning issue of them all, since a Labour government would use part of the building for its proposed Greater London Authority, which would be in charge of strategic planning across the capital.

The very idea of strategic planning for London is controversial. The concept is disliked in principle by those who think that London's character stems from the haphazard way it has evolved over the decades.

The drawing up of a strategic plan itself poses many practical problems, says the Conservative party. "When the GLC drew up its strategic master plan for London, it took 11 years and was out of date by the time it was finished," says the party's London manifesto.

On the issue of relaxing planning conditions in Docklands, the Tory party strongly defends its action, stating that this was essential to revive the area. "Between them, the GLC and the east end London boroughs effectively frustrated any attempt to bring life and investment back to the declining Docklands," the manifesto says.

The case in favour of strategic planning is three-fold. First, boroughs are reluctant to turn down bad commercial propositions for fear of losing the jobs that commes with the project. Second, initiatives that could benefit the whole city are neglected, if they inconvenience the borough concerned.

Third, and perhaps most important, immense amounts of time, money and effort are wasted because each proposal stirs up fundamental issues about the shape and character of the capital.

"Opportunities have been lost and overseas investors have been discouraged," says Hillier Parker, the chartered surveyors, citing schemes such as King's Cross and County Hall which have both been involved in lengthly planning battles.

Advocates of strategic planning dismiss the charge that it is unwieldy by looking to the rest of Europe, particularly Barcelona, Paris and Rotterdam (see other article) which have introduced comprehensive plans to redevelop run-down city areas. "What these cities demonstrate is that it is possible to draw up strategic plans and realise them" says Mr Fisher.

**A New London. Richard Rogers and Mark Fisher. Penguin £8.99*

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Feb 92	-1.1	-10.8	-2.0	-5.1
Quarter to Feb 92	-0.1	-4.3	-1.4	-2.0
Month of Feb 92	-0.2	-2.1	-0.8	-1.0

Source: Investment Property Databank

Rotterdam: Europe's 'Manhattan on the Maas'

Rotterdam has been widely praised for the broad scope of its strategic plans, best illustrated by its ambitious proposals to redevelop its docks.

The Dutch city is starting in earnest on a plan to transform the 100-year-old docks on the south side of the River Maas into a commercial and residential area. When completed by the end of the decade the Hop van Zuid development will account for a quarter of the city's projected office space.

Rotterdam is best known as the city with a huge port. As far as offices are concerned, Amsterdam is the favoured city. The Hop van Zuid project is designed to boost Rotterdam's attractions as a possible location for international business.

The project will link the north side of the city, where most offices are situated, with the poorer south side. The most potent symbol of the linkage will be a new Fl 365m bridge, to be completed by late 1995.

The authorities hope the elegant design will become an international symbol for a city, which, for all its careful post-war planning, lacks the big city status of Amsterdam.

The bridge, the new metro station, roads, and viaduct will be financed by the local and national government.

As a prelude, the city authorities have studied London Docklands, and the New York waterfront developments. They believe that by installing the communications at the same time, or even before, the other big developments, such as offices and houses, they will avoid the problems which have dogged the first phases of London Docklands.

They hope also to avoid the tension between the people who live there now, and those who will move in to the thousands of new homes planned over several phases. Up to half the new houses will be social housing.

Local residents – some of whom have been unemployed for years – will be trained as construction workers under a joint public/private sector scheme. Discussions are also under way to interest local people in running retail businesses in the planned festival market.

The showpiece of the project is planned for the Wilhelmina Pier area. Work has started on the conversion of the former headquarters of the Holland America Line into a hotel, with the financial backing of the city, and European Community funds. A large part of the Wilhelmina Pier area, in total 125 hectares, is scheduled for offices. The area has already has been dubbed Manhattan on the Maas by the local press, although the City authorities are playing down the tone of extravagant development which this comparison suggests.

A private sector consortium was recently appointed to conduct a study on setting up the master plan for the Wilhelmina Pier phase. Laing Management Holdings, a British group, is lead manager; French construction group SAE will contribute development expertise; and MBO, a Dutch financial group, will be advising on financial and development matters.

Construction in the Wilhelmina Pier area is planned to start in 1995, by which time communications infrastructure is scheduled to be in place – essential if the scheme is to attract private sector backing.

The Hop van Zuid project will kick off with the construction of offices to house the tax, district court and judiciary; work will start next year.

Hop van Zuid has its critics: many say there is too much office space in a city where the greater need is for replacement of existing stock; there is too much provision for private housing; and too much money is being spent on the bridge.

Dutch financiers are taking a wait and see attitude. They will want to test the area's ability to attract tenants for the private sector built offices before making a commitment.

Hazel Duffy

INTERNATIONAL PROPERTY

PUBLIC NOTICE

MMC INVITES EVIDENCE ON THE PROPOSED ACQUISITION OF SCOTTISH AND UNIVERSAL NEWSPAPERS LIMITED

The Monopolies and Mergers Commission would like to hear from any person with information or views on the proposed acquisition of Scottish and Universal Newspapers Limited by Trinity International Holdings plc.

The Commission will be considering whether the proposed acquisition may be expected to operate against the public interest and, in particular, will be taking into account the need for the accurate presentation of news and free expression of opinion.

The Commission would like evidence, in writing by, 16 April 1992, to be sent to: The Reference Secretary (Scottish and Universal Newspapers), Monopolies and Mergers Commission, New Court, 48 Carey Street, London, WC2A 2JT.

APPOINTMENTS

LEGAL NOTICE

IN THE MATTER OF THE INSOLVENCY ACT 1986
AND IN THE MATTER OF
LOWLINE DEVELOPMENTS LIMITED
FORMERLY PARKIN WESTBURY LIMITED

Registered Office: c/o Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED.

Notice is hereby given pursuant to Section 98 of the Insolvency Act 1986 that a meeting of Creditors of the above company will be held at The Metropole Hotel, King Street, Leeds LS1 2HQ on Thursday the 16th day of April 1992 at 11.00 am for the purpose of dealing with Sections 99 to 101 of The Insolvency Act 1986. A full list of the names and addresses of the company's creditors may be examined free of charge at the offices of Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED between 10.00 am and 5.00 pm on the two business days prior to the date of this meeting.
Dated this 27th day of March 1992
By order of the Board
A L PARKIN

BRYAN A INGS (BUILT - IN FURNITURE) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the Creditors of the above named company will be held at The Westover Hall Hotel, Park Lane, Milford on Sea, Near Lymington, Hampshire on 16 April 1992 at 11.00 am for the purposes mentioned in Section 99 to 101 of the said Act. A list of the names and addresses of the company's creditors may be inspected free of charge at Cork Gully, Town Quay, Southampton, Hampshire SO9 1ZG between 10 am and pm on 14 April 1992 and 15 April 1992. Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at Cork Gully, Town Quay, Southampton, Hampshire SO9 1ZG no later than 12 noon on 15 April 1992.
Dated this 27th day of March 1992
BY ORDER OF THE BOARD.

Notice of Appointment of Administrative Receiver
ROWANMOOR PROPERTY DEVELOPMENT LIMITED
Registered number: 2299528, Nature of business: Property Development, Trade classification: 23, Date of appointment of administrative receivers: 20 March 1992. Name of person appointing the administrative receivers: The British Linen Bank Ltd.
C J HUGHES and C J BARLOW, Joint Administrative Receivers, (Office holder nos. 2084 and 552), Shelley House, 3 Noble Street, London EC2V 7DQ

Notice of Appointment of Joint Administrative Receivers
CABAL TOOLS LIMITED
Registered number: 631032, Nature of business: Tool Manufacturers, Trade classification: 07, Date of appointment of joint administrative recievers: 25 March 1992, Name of person appointing the joint administrative receivers: Barclays Bank plc
David Robert Wilton and IAN NAPIER CARRUTHERS, Joint Administrative Receivers, (Office holder nos 5708 and 6682), Cork Gully, 43 Temple Row, Birmingham B2 5JT

Notice of appointment of Administrative Receiver
ROWANMOOR BIRMINGHAM LIMITED
Registered number: 2378440, Nature of business: Property Development, Trade classification: 23, Date of appointment of administrative receiver(s): 20 March 1992. Name of person appointing the administrative receiver(s): The British Linen Bank Ltd.
C J Hughes and C J Barlow, Administrative Receiver/Joint Administrative Receivers (office holder Nos 2084 and 552), Shelley House, 3 Noble Street, London EC2V 7DQ

PERSONAL

DOUGLAS-MANN Keith John Sholto. A Service of Thanksgiving will be held on Tuesday, April 7, 1992 at 12 noon in the Guards Chapel, Wellington Barracks, Birdcage Walk, London SW1.

MANAGEMENT

Christopher Lorenz

Friends, Romans businessmen

Few modern management concepts are as vague, yet promise as much, as the "network organisation". Among many other benefits, it claims to make companies much more cost effective, faster, more flexible and more open – what some business academics call "borderless". Yet evidence is mounting that, at least in one of its various forms, the concept can be dangerous.

To most people, the word "network" conjures up either the uninspiring image of a series of linked computers, or the much more powerful one of a set of close but informal relationships between individuals, whether within one company or across several.

But to other people, the concept of networks stands mainly for a set of links between companies: strategic alliances, joint ventures, co-operative development deals, licensing collaborations, and so forth.

Of this corporate fraternity, one of the most advanced practitioners is Olivetti, the Italian computer manufacturer. Its colourful chairman and chief executive, Carlo de Benedetti, tends to wax lyrical about his belief that the "network corporation" as he calls it, is "the reference model for the future".

Over the last decade, Olivetti has built up a network of alliances that, relative to its size, is quite large even for the electronics industry, which goes in for such arrangements more than most.

As Olivetti has been broadcasting to the world over the past fortnight, in a series of curious-looking full page *advertisements in this newspaper* and elsewhere, it has 229 alliances of various kinds at present. Their purpose, it says in the advert, is to "guarantee" a future not only of collaboration (obviously), but also of independence.

But will they actually achieve this? One of the main purposes of the ad campaign is to calm customers worried by Olivetti's inability so far to strike a really significant deal with another computer company. It came close to doing so a couple of years ago with both Philips and ICL, but each of them found more powerful partnerships elsewhere.

Olivetti has been left trying noisily to make a virtue of its myriad of smaller links, even though none of them assures it a future. Therein lies the rub.

Unfortunately for Olivetti, its ad campaign coincides not only with the widespread scepticism of many outside observers, but also with the publication of an erudite book on alliances which warns against precisely the sort of strategy which the company appears to be following*. The only saving grace for the Italian company is that the book, by two Norwegian business academics, Peter Lorange and Johan Roos, does not actually criticise Olivetti by name. It is also written in a pretty impenetrable style. But its message is still powerful.

De Benedetti tends to wax lyrical about the "network organisation" as he calls it

The issue revolves around the relationship between alliances and another powerful management concept, that of "core competences". This label refers to a company's unique skills which give it a competitive edge.

It is pretty obvious that no company can survive for long without at least one core competence: Honda's engine technology, for example, or Tetra *Pak's packaging skills*.

Networks of strategic alliances can be used to reinforce a company's core competences, or to exploit them, for instance through distribution deals. But, as the Norwegians' book warns, woe betide the company which takes the co-operation *doctrine* so far that it bases its core competences entirely on alliances.

Until a few years ago, Olivetti still had a very obvious internal core competence which gave it an edge against many of its rivals: its product and manufacturing know-how in personal computers. But PC technology and software are now virtual commodities.

Other Olivetti strengths lie in its undoubted edge in ergonomics and industrial design. Its brand and distribution channels are also worth a pretty penny. But none of these really ranks as a core competence on the level of Apple's skills in user interfaces.

So whither Olivetti? Or will Olivetti indeed wither, to little more than a brand and distribution channel for American and Japanese companies?

It is just possible that the *company has discovered a* managerial master-key which enables it to extract more value than its rivals from the process of forging alliances, exploiting and replacing them (most alliances are temporary).

Its executives sometimes claim as much. But such a competence is extremely intangible. It has not yet been expressed in a string of competitor-beating systems.

Beneath its corporate rhetoric about alliances, the odds must be that Olivetti would be just as relieved today as it almost was two years ago to find a properly marriageable *partner*.

The independence of equity ownership on which it now places so much emphasis is, after all, pretty irrelevant, given its dependence on the technology of its allies.

Carlo de Benedetti should swallow that truth, and curb his mistaken enthusiasm for the notion that co-operation is a viable strategy almost in itself. It is not.

Other companies take note: you cannot live by alliances alone.

**Strategic Alliances*. *Blackwell £35.*

SOCIAL EUROPE

Henke Lafebre is a partner in a Dutch firm of accountants who recently began working in its London office. Yet under new European Community rules intended to enhance his job opportunities in Europe, it will be at least six months before he can audit UK companies. He believes that far from creating a free market in labour, the new rules are a barrier. "It is much harder for me to qualify to work here than it would have been two years ago."

Innocents abroad

Lisa Wood and Catherine Milton find national borders being replaced with barriers for executives working in the EC

There are many pitfalls to working abroad, as the characters of Central TV's Auf Wiedersehen Pet found

Lafebre's experience is shared by many EC citizens coming to work in Britain. That is because Britain has just swapped its traditionally liberal approach towards accepting the qualifications of other EC countries for new, harmonised, cross-border arrangements. It is thus easier for Britons to work in the community but more difficult for continental European migrants to work in the UK.

Freedom to work anywhere in the EC was one of the basic rights laid down in the Treaty of Rome which established the *European Economic Community in* 1957. It is estimated that about 3m EC nationals work in other EC countries, mainly in skilled manual, professional or managerial jobs.

The promotion of maximum mobility of workers has been a "minimal" goal of social Europe that even the non-interventionist UK Conservative government has supported. Indeed, if the Conservatives win next week's general election, initiatives to remove the remaining barriers to the free movement of people are expected to be a central part of the UK's presidency of the EC Council of Ministers later this year.

There are two main issues in EC labour mobility: the co-ordination of social security systems – which affects all workers – and mutual recognition of professional and craft qualifications.

There was some progress on the former, particularly on unemployment and state pensions, in the early 1970s. A British worker claiming unemployment benefit in France is entitled to the same treatment as a Frenchman. There are, however, a host of practical problems, with different states stipulating different periods before a person can claim entitlement to benefit, for example.

The state pension rights of migrants are relatively straightforward. EC provisions say that an individual must be paid a proportionate amount of his or her state pension from the country of origin, plus a proportionate amount of *that of the host country, depending on* the length of residence. This creates winners and losers. In Italy where the state pension provision is generous, immigrants often do well and Italian emigrants do correspondingly badly when they go to countries with poorer state provision, like Britain.

The portability of occupational pensions is a bigger problem which affects many better-paid migrant workers who belong to such schemes. Efforts to harmonise such schemes were scuppered last year by the EC because pensions are linked to taxation and therefore affect the sovereignity of member states' taxation policies.

Migrants generally have to freeze occupational pensions in one country and start a new one in the state to which they move. Watsons Europe, the actuarial firm, estimates that around 150,000 managers are adversely affected by the lack of harmonisation in EC pensions. But, says Watsons, managers leaving one EC country to work in another can often negotiate compensation for loss of pension rights with their new employer.

Portability of professional qualifications was identified by the EC in the early 1970s as an area for action and initially, it was tackled profession by profession. The approach was to compare the training required by each member state for a given profession and, as far as possible, harmonise it. *This approach has proved slow and dif*ficult and so far only covers jobs like doctors, dentists, nurses, midwives, vets, pharmacists and architects. The architects' directive took 17 years to agree.

In 1985 the Commission changed tack and introduced a directive laying down the principle of mutual recognition of qualifications so that a professional from one member state could become a member of the equivalent profession in another without having to requalify. The directive is applicable to people with at least three years' university-level education, plus any appropriate job related training. It applies to most professionals.

So far just three member states – Ireland, Britain and Denmark – have passed all the necessary national legislation to comply with the directive and the European Commission has started legal proceedings against five other members states for non-compliance.

It is too early to tell how efficiently the system will work. Some UK professional associations say they are having trouble getting information from their counterparts in the EC. They also say the tests in other states are much harder and seem designed to keep people out rather than ease them in. Several caveats in the directive give considerable power to the specified national bodies which will assess applicants *for recognition within four* months of receiving all the necessary papers.

Where there are significant differences in the training – as in accountancy – the host state can ask the incomer to sit a test or undergo an adaptation period. Host states may also ask for evidence of professional experience where education and training is a year short of the home member state. Both these measures can hold up the free flow of professionals.

The Institute of Chartered Accountants in the UK requires Lafebre, the Dutch accountant, to sit an exam in UK company and tax law to qualify as an auditor. He applied to the Institute of Chartered Accountants, one of six bodies competent to confer accreditation, last month. It will be at least six months before he can qualify.

The Department of Trade and Industry argues that until now, although EC nationals have been free to work in any community country, member states were not obliged to recognise professional qualifications and many did not. An accountant, it claims, would have needed 50 years to qualify to audit throughout the community.

Britain has been a special case, adopting a more liberal approach to recognising qualifications than other EC states. Although people like Lafebre lose out, the new system is good for UK citizens who want to work in the EC.

Finally, for skilled manual workers, a radical fillip to mobility will be provided if a second general directive is ratified by the EC Council of Ministers. This would give mutual recognition to qualifications of skilled workers including the UK National Vocational Qualifications. Unlike most in Europe, these are competence and not time-based.

TECHNOLOGY

Ian Holdsworth explains how IT is helping to improve the parties' chances of victory at next week's UK election

Computers left, right and centre

FIVE YEARS is a longer time in technology than in politics. The performance of personal computers doubles every 12-18 months, which means that the hardware available to today's political campaigners is between 10 and 30 times more powerful than what was on offer at the last UK general election in 1987.

Computers have also grown in numbers. This election has them left, right and centre, as one hardware supplier gleefully notes.

At Neil Kinnock's Walworth Road headquarters in London, a McDonnell Douglas minicomputer tracks and co-ordinates the movements of the Labour party's main campaigners: on John Major's election coach, a clutch of sophisticated PCs and communications equipment provides the prime minister with instant information wherever he is in the country: and in Paddy Ashdown's pocket, a tiny PC, no bigger than a videocassette, stores speeches transmitted from his office at the House of Commons.

At the constituency level, technology is far more widespread than in 1987. PCs and laser printers produce personalised letters, target different sections of the community, and on polling day, draw up lists of supporters who have yet to vote. These systems are an indispensable canvassing tool in a marginal seat.

John Major's coach is equipped with the latest hardware from Apricot, the once British computer company now owned by Mitsubishi of Japan. Three desktop computers based on Intel's superfast 486 chip churn out reports, press releases and speeches. In an impressive demonstration of 1990s' technology, they hook up to a device which scans incoming faxes and converts them into files for word processing.

'Canvassing can be more creative and useful. The traditional way is to go out in cars and chase supporters. This time it's more personal'

The system ships documents around the country, through BT's Cellnet, to the computers, printers or autocue systems where they are needed. The PCs are highly secure with infra-red cards to prevent unauthorised access.

At the Liberal Democrats' central office at Cowley Street, London, a new computer system came on line earlier this month to help raise funds for the election campaign. It's only a PC – but a very powerful one, again based on the 486 chip. Although it takes up a fraction of the space of the party's old UCL minicomputer, the new "Pick" system represents a four-fold increase in processing power. "Given the power of PCs as compared with five years ago, we've been able to upgrade by downgrading," says Keith House, computer director.

Labour, meanwhile, is several years into a computer revolution which mirrors the overall modernisation of the party's image during the 1980s. The party has been using IT in anger only since 1987 says Roger Hough, Labour's information systems manager. Since then it has installed a new minicomputer, arranged a bulk purchasing deal for constituency PCs with Opus, a maker of IBM-compatible machines, and developed its nationwide interest group, Computing for Labour, into a thriving organisation with 1,200 members.

Hough's department sends out a daily election bulletin to constituencies using BT's Telecom Gold service. The bulletin sets the agenda for the day, briefing local canvassers on the progress of the national campaign, distributing press releases and suggesting answers to questions that are likely to come up on the doorstep.

"In 1987 we had about 30 constituencies using computers," says Hough. "Now it's more than 300. It's natural for people to use PCs – many already do so at work."

Computing for Labour (CFL) is a forum for party members who want to make their computer skills available to the cause. Its main achievement is a database called Elpack which allows a local party to store information on every voter. Names and addresses from the electoral roll, available from local authorities for a small fee per 1,000 names, are fed into the system and classified through a mixture of intuition and footwork. CFL supplies constituencies with discs containing names that suggest a particular sex, age-range or ethnic group.

The system scans the database and marks people down, for example, as male, female, Asian, Greek, retired, or a first-time voter. "Anyone with an eye for these things can identify pensioners from their forenames," says David Wilkinson, a Labour party organiser in London. "The system can also work out how many people live in a house – and whether they're a family or a bunch of individuals sharing."

Facts about each ward are entered such as locations of council houses and whether or not the occupants have exercised their right to buy. "Previously we might have gone round a council estate giving out leaflets on council rents when 30 per cent of the people there had bought their homes and would have been more interested in a leaflet about mortgages," says Wilkinson.

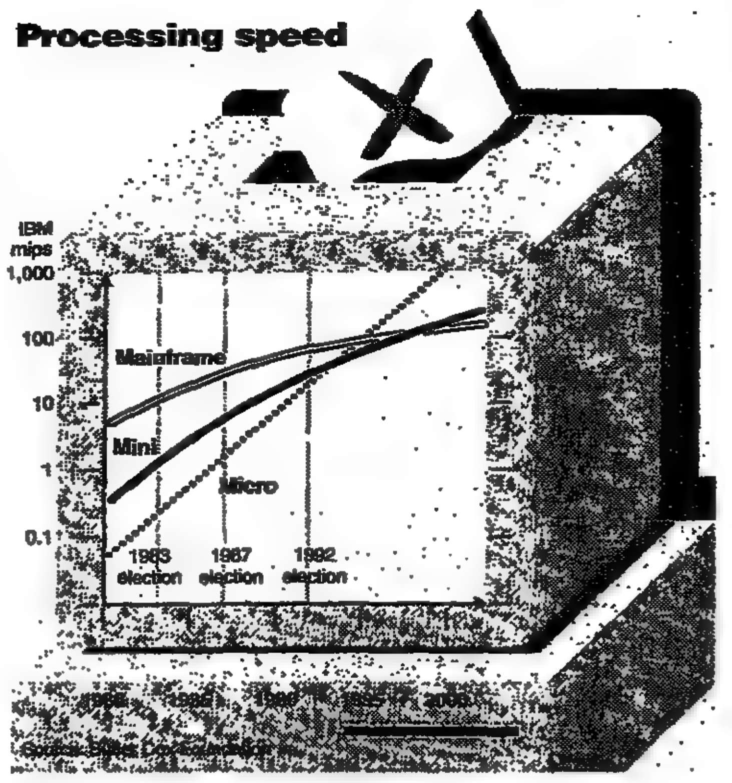
When canvassers go on their rounds they carry canvass cards, produced by Elpack, which list all the voters in a district. Canvassers write information on the cards and enter it into Elpack when they return to base.

The Liberal Democrats use software very similar to Elpack. It's called Polly and comes from a company called Democrats Election Computer System (Decs). "Paddy Ashdown was one of the original architects," says Polly's author, Gillian Gunner. "He calls himself the architect," she adds, "but I call him the first major guinea pig."

As a priority Polly has been installed in marginal seats such as Richmond and Barnes, and Twickenham in London.

Vincent Cable, the Liberal Democrat Candidate for Twickenham, finds the system invaluable. "Your canvassing can be much more creative and useful. The traditional way is to go out in cars and chase your supporters. This time it's much more personal."

Processing speed



Locally, the Liberal Democrats appear to beg, steal and borrow their hardware. Unlike Labour and the Conservatives very few constituencies own a PC. They depend instead on local members bringing them in from their home or work.

"Last time we could not have managed without business people being involved," says Peter Beardow, a Twickenham campaigner. "Now there are more people who have computers we can borrow."

Twickenham has tested its two printers almost to destruction by producing 45,000 mailshot labels over eight hours and 2,500 canvass cards over three days. "We're doing things you wouldn't do in a commercial environment," says Beardow. "The printer makers should be very proud of their products."

The Conservatives also have a constituency computer system similar to Elpack and Polly. It's called Fileplan and is supplied to local parties by Resource Management, a company based in Bath.

Local Conservative parties are autonomous and can choose whatever software they like stresses Nigel Hawkes, the Tories' constituency computer adviser. However, he recommends Fileplan and Apricot.

The Conservatives and Liberal Democrats are also using a system called Discfax for sending the contents of a floppy disc through the telephone network to a second disc at the end of the line. The Conservatives have installed Discfax on John Major's coach and at various locations around the country. The Liberal Democrats use it to send faulty software back to Decs for repair.

On polling day, PCs will have another role to play. Systems such as Polly, Elpack and Fileplan will keep track of who has voted throughout the day so that forgetful supporters can be rounded up.

Traditionally, the job is done with "Reading" pads – ingenious multi-layered lists of voters with a different colour on each layer to show how many times a particular district has been visited.

Reading pads have a devoted following. They're better than progams, says Alan Barnard, Labour agent for Islington South and Finsbury. "With coloured paper laid out on a table, you can tell at a glance which areas to send people to."

Barnard commands a room full of computers and printers but does not use Elpack. Instead he has an equally-powerful database borrowed from a colleague's employer.

"Last time we were using typewriters with carbon paper. People who were working here then have come in and been amazed at what we are doing now. In 1987 we won the seat by 2 per cent and that 2 per cent was totally due to our organisation. This time our organisation is improved through computers."

Worth Watching · Paul Taylor

Age crisis for compact discs

Nothing lasts forever, and videocassettes and compact discs are no exception. Researchers at The Netherlands Organisation for Applied Scientific Research (TNO) believe that CDs may stop producing sound after about 30 years because the pits in the metal surface will have oxidised.

Video recordings are at risk because they are gradually deleted as the tape is demagnetised. Random checks from Dutch video archives showed blue-tinged and striped images often after three years.

It seems that even CD-Rom, the latest electronic storage medium, has only a limited lifespan. TNO plans further experiments to find out just how durable contemporary sound and image storage media are. TNO: Netherlands, 3115 694975.

Putting chips in the picture

A camera on a chip could make life a lot tougher for criminals and reduce the number of false alarms. Automated Security Holdings (Ash) has developed a miniature video camera which, when triggered by a movement sensor, captures four video images at one-second intervals.

These can then be transmitted to a police station or a communications centre for analysis. The system, called TVX, is based upon an Edinburgh University invention and uses a specially designed lens bonded directly on to the chip. Ash: UK, 071 435 7161.

Have printer, will travel

The archetypal travelling salesman on the road with a portable computer often requires printing facilities, but all too often portability results in lower quality and reduced convenience.

Now Kodak has launched the Diconix 701, a lightweight ink-jet printer which it claims offers high flexibility for anyone needing a printer on the run.

The 701 weighs less than 6lbs, operates from battery or mains and is priced at £429 plus VAT. Kodak: UK, 0442 61122.

Batteries stay the distance

Rechargeable batteries provide power for almost every portable gadget from mobile telephones to notebook computers. But one drawback of nickel-cadmium batteries is that unless they are fully discharged before recharging, they will no longer accept a full charge.

However, Discovery Distributing, based in Canada, claims to have developed a solution. Its Power System recharger discharges and conditions Ni-Cad batteries before recharging them. As a result Discovery says the batteries last longer and can be fully charged every time. The base recharging unit comes with interchangeable tops to accommodate various Ni-Cad battery designs. Discovery Distribution: Canada, 604 876 6710.

New game of horseshoes

Lotus Engineering, the automotive consultancy division of Norfolk sports car maker Group Lotus, has been asked to apply its expertise in suspension development in a new field.

Lotus engineers have been working with experts from the Animal Health Trust in Newmarket for the past two years to develop a new horseshoe to give racehorses a softer ride on firm ground.

"The drier summers and resulting harder racecourse surfaces are giving racehorses sore hooves, and trainers are unwilling to risk damaging their charges," said Ken Sears, general manager of Research at Lotus Engineering. "We've been asked to evaluate what can be done to put the spring back in their step by putting some controlled 'give' into racing shoes," he says. Lotus: UK, 0953 608000.

FT LAW REPORTS

No costs remission to arbitrators

PRESIDENT OF INDIA v JADRANSKA SLOBODNA PLOVIDBA
Queen's Bench Division:
Mr Justice Hobhouse:
March 26 1992

A PARTY to arbitration who seeks to challenge a costs award on the ground of error of law must do so by way of appeal and not by application for remission to the arbitrator, irrespective of whether the award was reasoned or unreasoned, and whether or not it was included in the substantive award. And as it would be almost impossible for an appeal from an unreasoned award to succeed in that any appeal must be made out on the reasons, parties should consider at the time of the hearing whether to ask for a reasoned award.

Mr Justice Hobhouse so held when refusing an application by the charterer, the president of India, against shipowners, Jadranska Slobodna Plovidba, for an order to remit a costs award to the arbitrators on the ground of misconduct.

Section 1 of the Arbitration Act 1979 provides: "(1)... without prejudice to the right of appeal conferred by subsection (2) below, the High Court shall not have jurisdiction to set aside or remit an award on an arbitration agreement on the ground of errors of fact or law on the face of the award. (2)... an appeal shall lie to the High Court on any question of law arising out of an award..."

HIS LORDSHIP said that disputes arising between charterers and shipowners, under a charterparty dated August 25 1986, were referred to arbitration in London.

By an interim award dated January 28 1991 the arbitrators awarded that charterers should pay owners $3,142.

On April 24 the arbitrators made a "final award as to costs".

That award was substantially adverse to the charterers. They issued a notice of motion for an order that it be remitted to the arbitrators on the ground of misconduct.

The application was made under section 22 of the Arbitration Act 1950 ["In all cases of reference to arbitration the High Court... may remit ... to ... the arbitrator"], in conjunction with section 18 ["costs... shall be in the discretion of the arbitrator"].

The allegation was that the arbitrators had failed to exercise the judicial discretion required by section 18.

The award was not a reasoned award, but the arbitrators separately furnished the parties with "confidential" reasons explaining how they had arrived at their decision.

In *Blexen v G Percy Trenthan* (1990) 42 EG 1331 the Court of Appeal considered the procedure to be adopted by a party aggrieved by an arbitrator's award on costs.

It held that the governing statutory provision for the purposes of the application with which it was concerned was not section 22 of the 1950 Act, but section 1 of the Arbitration Act 1979.

Section 1 provided that, subject to the right of appeal, the court had no jurisdiction to remit an award "on the ground of errors of fact or law on the face of the award".

The Court of Appeal in *Blexen* held that in the case before it the court no longer had power to remit under section 22 of the 1950 Act, and that the application must fail because it was not brought under section 1 of the 1979 Act.

That decision was binding on the present court.

In the leading judgment, Lord Justice Lloyd said power to set aside or remit for misconduct survived, but not when the only misconduct alleged was an error of fact or law in a reasoned award.

Blexen was similar to the present case in that the parties had requested the arbitrator to hold a separate hearing and publish a separate costs award.

But it was different in that they had apparently asked that it should be a reasoned award. That was the express basis of the Court of Appeal decision.

In *King v Thomas McKenna* [1991] 2 WLR 1234, 1246 Lord Donaldson MR said *obiter* that appeal with leave under section 1 would also be the only means of appeal in a case in which no reasons had been given.

Where the costs award was a separate award, following *Blexen*, it was clear that the matter must be governed by the 1979 Act.

If the award was reasoned the procedure to be followed must be that laid down in section 1.

Notice of motion must be issued in time and leave to appeal asked for. The appeal must be made good on the reasons.

The applicant would have to satisfy the court, on the reasons, that the arbitrator misdirected himself on what was involved in the judicial exercise of his discretion or that, though there was no express misdirection, it must be inferred because that was the only explanation of his award.

Under section 1, the applicant must satisfy the stringent criteria for grant of leave to appeal laid down in *The Nema* [1982] AC 724. He would find that difficult to do except in the most obvious case of a failure to exercise a judicial discretion.

If the parties had not asked for a reasoned award they would almost certainly be unable to appeal because they would not be able to satisfy the criteria in section 1(6) for an order requiring the arbitrator to provide reasons. They had each had an opportunity to ask for a reasoned award and it was exceedingly unlikely in those circumstances that there would be any "special reason" for not having made a request.

As pointed out by Lord Donaldson, the implication of *Blexen* was that the same principles must be followed whether or not the arbitrators had given reasons.

Where, as here, there had been a separate award on costs, the parties must follow the procedures and requirements of section 1.

The procedure and remedy under section 22 might only be invoked where there had been some excess of jurisdiction, some distinct element of misconduct or procedural mishap, not simply some alleged unjudicial exercise of the discretion.

Examples of such distinct misconduct could be making an award which went outside the rival contentions of the parties, or making an award without giving both parties an opportunity to be heard.

Where the costs award was included in a substantive award, if the award was reasoned, *Blexen* must apply. If it was not reasoned continued use of the different regime under section 22 would produce an unacceptable anomaly.

Therefore again the opinion of Lord Donaldson must be followed, and section 1 applied.

Where the complaint was some actual misconduct, such as breach of natural justice, procedural mishap, excess of jurisdiction or failure to complete the reference, for example by failing to deal with costs at all, a motion under section 22 and/or 23 would still be appropriate.

Mr Simon for the charterers applied for leave to amend his proceedings to include the appropriate application under section 1.

To avoid any question of whether the award was reasoned and whether the court could look at the confidential reasons, the parties agreed that the confidential reasons could be treated as the reasons in the final award. It was therefore equivalent to a reasoned award.

The reasons disclosed no error of law.

It followed that the charterers' application for leave to appeal could not succeed – nor would a motion under section 22 have succeeded.

To succeed on an application for leave to appeal from a costs award a party would normally have to be prepared to satisfy the highest category of test in *The Nema*, which was almost tantamount to persuading the court that the appeal would almost certainly be successful.

Practitioners needed to take into account that the result of *Blexen* was not only that a new procedure was to be followed in challenging a costs award, but also that at the time of the arbitration hearing they would have to consider whether they might want to challenge the costs decision, and whether they should ask for reasons (with or without a separate hearing and/or award on costs). In practice, it would probably be more difficult to persuade a court to interfere with a costs decision under section 1 than it was formerly under section 22.

For the charterer: Peregrine Simon (Gagrat Gardi & Co).

For the shipowners: Dominic Kendrick (More Fisher Brown).

Rachel Davies
Barrister

PEOPLE

Trimming the shortlist at BAT

Martin Broughton, currently BAT Industries senior finance director, is to take over responsibility for BAT's large financial services operation from Brian Garraway who will be retiring later this year.

The promotion of Broughton (near right), 44, is part of a streamlining of BAT's top management structure as the older executives led by chairman Sir Patrick Sheehy, and deputy chairman Garraway, prepare to hand over to the next generation. Brian Garraway will retire in October and Sir Patrick, who has been chairman since 1982, is expected to step down sometime next year.

Although BAT has yet to name Sheehy's successor, the

latest changes have trimmed the shortlist. Broughton, who becomes managing director financial services from July 1, is an obvious contender, as is Ulrich Herter (above right), chairman of BAT Cigarettenfabriken, who becomes managing director, tobacco. Herter, 50, joins the chairman's policy committee, BAT's key executive body, as does David Alvey, 47, BAT's finance director.

Unlike Broughton, who joined British-American Tobacco as a travelling auditor in 1971, Herter, a German marketing man, is a relatively recent arrival only joining BAT's German subsidiary in 1984. Having studied economics at Kiel University, he spent his early career with Martin Brinkmann. Bernd Schweitzer, Herter's marketing director, will take over the chairmanship of the German operation.

Broughton will succeed Garraway as chairman of Eagle Star and George Greener, the Mars man who was hired as chief executive of Allied Dunbar last September, will take over from Garraway as chairman of Allied Dunbar. Greener also joins the BAT board.

Moves at Volvo in UK

The new head of Volvo's import concession in the UK is Charles Hunter-Pease, currently deputy chief executive of Volvo Concessionaires, part of motor distributor Lex Service. Lex heard last month that Volvo Car Corporation was terminating its contract to distribute cars in the UK, the Swedes' largest market after the home base, four years early to set up its own distribution operation.

Hunter-Pease, who is 45 and has been at the company for more than 18 years, takes himself and the 490 staff of Volvo Concessionaires to Volvo. The Swedish head office has yet to disclose what the new UK entity will be called as the current transfer of the business is not yet completed.

Stephen Dixon, chief executive of the concession enterprise for the past two years and a Lex employee since 1972, will retire early at the beginning of next year at the age of 54. After helping to effect the transfer of the business to Volvo, he will serve out the rest of his time in a position, yet to be announced, at Lex.

■ **Robert Lawson** is appointed group chief executive of ELECTROCOMPONENTS following the transfer to him of executive responsibility which allows the chairman, Sir Keith Bright, to become part-time.

■ BICC Cables has appointed **Enrico Bertagna**, md of Ceat Cavi Industrie, and **Angel Rodriguez Garcia**, president of Grupo Español General Cable, as directors.

■ **Graham Anderson**, previously group finance director of International Colour Management, is appointed group finance director of BLUEBIRD TOYS. James Trumper is resigning as a director.

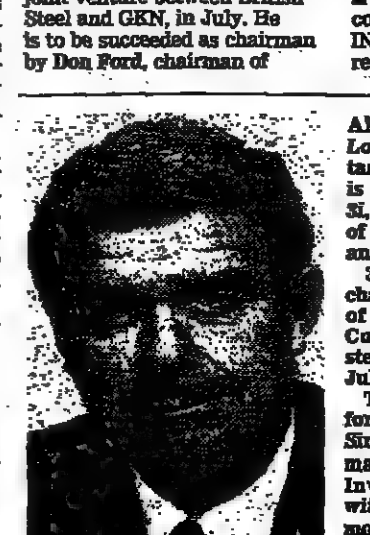
■ **Ian Donald**, a past deputy chairman of GKN, is to retire from UES HOLDINGS, the joint venture between British Steel and GKN, in July. He is to be succeeded as chairman by **Don Ford**, chairman of TWIL. **Gordon Sambrook**, a past director of British Steel, has retired from UES, and is succeeded by **Philip Hampton**, md finance of British Steel.

■ **Daniel Reilly** is appointed finance director and company secretary of CAMDEN MOTORS, a Barclays Bank subsidiary. Having spent nearly 12 years with Vauxhall, Reilly is returning to the motor industry from being finance director of Alexon and Eastex brands.

■ **Norman Becker** is promoted to divisional director of HITACHI domestic appliances on the resignation of Ian Radley.

■ **Eddie Cran** is promoted to chief executive of CATTLE'S HOLDINGS; Roy Waudby relinquishes that role but remains chairman.

■ **Richard Baker** is appointed company secretary of REED INTERNATIONAL on the resignation of Michael Bridge.



Alan Wheatley, the senior London partner of accountancy firm Price Waterhouse, is taking over as chairman of 3i, the UK's biggest provider of long-term capital to small and medium sized businesses.

3i has been looking for a chairman since the beginning of February, when Sir John Cuckney said he would be stepping down at the end of July.

The other leading candidate for the chairman's post was Sir David Walker, the chairman of the Securities and Investments Board, but he withdrew from the race last month when he was appointed a deputy chairman of Lloyds Bank.

3i's chairman is chosen by its board and its leading shareholders, which are the Bank of England and the UK clearing banks. Wheatley was Sir John's preferred candidate who got him well in the mid-1980s when Wheatley drafted a business strategy for Westland, the helicopter manufacturer then chaired by Sir John.

Wheatley is a non-executive director of British Steel and was a deputy chairman of Cable & Wireless, the telecommunications group, until 1985. He was appointed to the board of 3i last July.

■ **Janet Gunn** is appointed 3i's human resources director; she moves from SD Scicon.

Verey rises at SG Warburg

Rival cultures live on inside SG Warburg, the UK's top home-grown investment bank. It may be six years since the bank was created, pieced together out of some of the City's leading houses; but former partners of Rowe & Pitman, a stockbroker now subsumed in the group, still cleave jealously to their old identity.

Against that background, the emergence of Nicholas Verey – a 49-year-old who joined Rowe & Pitman at the age of 18 – as a managing director of investment banking at Warburg almost looks like the anointment of an old-style senior partner in the stockbroking world. He will be deputy chairman of SG Warburg Securities.

Verey, who has been chairman of Warburg in the US only since June 1990, will return in the autumn to take over from Peter Hardy, another Rowe & Pitman man.

Hardy has managed 36 years with the firm, though he has still not reached his 54th birthday. Warburg said that he had always intended to retire in his mid-50s, playing down any suggestion of internal dissension.

Verey will become one of three managing directors of the group from June this year.

■ **Sir John Banham** is appointed a non-executive director of NATIONAL POWER with effect from July 1 when he ceases to be director general of the CBI and becomes chairman-elect of the Local Government Commission. He is a former controller of the Audit Commission and a member of the Policy Studies Institute.

Daylight allowed in on magic

Sovereign, the unprecedented exhibition about Queen Elizabeth II that opens at the Victoria & Albert Museum today, will be enjoyed by visitors in different ways. For me, one of the most eloquent images is a rather mundane photograph of the European Community summit meeting in London in 1977.

There is Valéry Giscard d'Estaing, the president of France, standing next to the Queen, looking his imperial best and about seven feet tall. Chancellor Schmidt is almost concealed between some half-forgotten politicians. Giulio Andreotti, then as so often prime minister of Italy, has placed himself well. James Callaghan, the British prime minister, smiles on benignly from the side.

Where is Giscard now? The image could be repeated time and again, for the Queen has survived so many comings and goings. She must have known more Commonwealth leaders than anyone else in the world. At home she has watched the departure of eight prime ministers – possibly nine by next week. Her private diaries would be as priceless as some of her jewels.

It is the mixture of continuity and change that astounds. The Queen never ceases to adapt. Bagehot wrote of the monarchy in a well-known line: "We must not let daylight in on magic." But, in a controlled way, the Queen has been letting in daylight all the time. The Palace may complain that the Royal Family is sometimes maltreated and misrepresented by the press, but the interesting question about the monarchy and the media is who uses whom.

You will not find the complete answer in Sovereign, but there is some fascinating evidence. The Queen and British television came of age together. It was Queen who insisted that her coronation in 1953 should be shown live on the small screen. Sir Norman Brook, the cabinet secretary, wrote a minute saying that this would open the door to the unthinkable: for example, the televising of the House of Commons. Churchill let the Queen have her way, and television took off.

So did other families. Listen to the broadcast of the coronation today, as you can in Sovereign, and the voice is unmistakeably Dimbleby: it could just as well been. David, at times even Jonathan, as Richard. Even the cameraman at the at the Abbey wore morning dress.

The rest of the media were friendly to the point of reverential. When the BBC Home Service carried a bulletin from the Palace, it was spoken in tones that suggested the whole nation must listen, and perhaps it did.

Pathé news in the cinema did it with more dash, but with the same belief that everything British must be good, especially when blessed by the Queen.

When it showed Her Majesty opening the country's first atomic power station at Calder Hall, the next line was about how the 180 families were to live there. When the Queen went to Germany in 1965, the banner headline in the *Daily Sketch* was KAMERADSCHAFT, under the strap "The Queen appeals to West Germany: let's be partners in Europe".

How times have changed. The *Sketch* has long since disappeared and is remembered, if at all, as the definition of a really frivolous newspaper – even more so than the tabloids that have survived. The Queen preferred broadcasting and continues to do so, possibly because it is so much easier to control, and the press can turn fickle.

Sovereign contains lots of old film. It is remarkable to watch how many firsts she has witnessed and sometimes initiated. She saw in not only atomic power, but also Concorde, the decimalisation of the currency, North Sea oil and – the exhibition reminds us – the election of the first black woman MP to Westminster. She was the first monarch to visit the prime minister's country residence at Chequers.

The guide to Sovereign suggests that the Queen has the best-known face in the world today. With the stamps, the coins and the banknotes, that may be true.

Yet the exhibition understates, I think, her contribution to the Commonwealth and the concern of some other members of the Royal Family about poverty in the third world and dereliction in the inner cities.

Of course, there is much more besides, like the display of the Queen's wardrobe over the years, brilliantly treading the narrow line between dullness and ostentation. There are also some of the Queen's paintings, the replica of a state dinner with its gold service, the original Magna Carta, pictures of horses and dogs: the regal along with the homely.

See it for what you will. There is nothing about the excesses of the young royals or of the media baying for scandal, which are among the problems of the modern monarchy. Sovereign comes over as a portrait of a responsible woman determined to carry on with her duties.

The exhibition is sponsored by Reed International, the *Daily Telegraph* and Pearson, which owns the *Financial Times*. Not even the organisers are sure how far it will draw the crowds.

Malcolm Rutherford

When the BBC Home Service carried a bulletin from the Palace, it was spoken in tones that suggested the whole nation must listen, and perhaps it did

Sovereign runs at the V&A until September 13. Hours: 10.00 to 17.30 Mon-Sat, 12.00-1730 Sundays. Normal admission £6. Student, OAP and family concessions.

Gounod's Sapho

Saint-Etienne, an industrial town in hilly country south-west of Lyon, was graced during the Malraux era with a large cultural centre with among other things three theatres: large, small and experimental. The place hums with activity. On the musical side, SaintEtienne has been conspicuous for Massenet revivals – he was a local boy. There will be a festival and symposium later this year. Meanwhile Saint-Etienne has scored a hit with Goumod's *Sapho* – not to be confused with Massenet's opera of the same name on a contemporary subject.

Sapho, Gounod's first work for the theatre, was commissioned by the Paris Opéra at the instigation of the mezzo-soprano Pauline Viardot, already famous and influential after her success in Meyerbeer's *Le Prophète*. Apart from some church music, Gounod was an unknown quantity. The Opéra, unwilling to risk the expense of a five-act blockbuster, prudently asked for a shortish work which would allow room for a ballet in the same programme. The chosen librettist was Emile Augier, a successful author whose plays were domestic dramas in full reaction against Romantic excess.

The premiere in 1851 had a mixed reception. Viardot in the title-role was admired; Berlioz found much to praise in the score, but neither then nor in subsequent revisions (reduced to two acts, then puffed up into four) was the public won over. The fault surely lay less in the music, much of which is in Gounod's most personal lyrical vein, than in the book – a lop-sided, uneasy mixture of public ceremonial, private intrigue and political conspiracy.

We meet the poetess Sapho at the Games at Olympia, where she wins a contest with an ode about Hero and Leander. Sapho loves and is loved by Phaon, a flawed hero-figure, also loving and loved by a viperish stop-at-nothing courtesan, Glycera. Phaon is involved in a conspiracy against the (unseen) tyrant Pittacus. By threatening to expose him, Glycera blackmails Sapho into rejecting Phaon and forces Phaon to take her with him into exile. The miserable Sapho throws herself into the sea, not (as in some versions of the legend) from a rock in Leucas, but in her native Lesbos.

For only two performances, Saint-Etienne honoured Gounod with a musically and visually rewarding production. The producer Denis Krief successfully combined dance-mime (the athletes' scenes, frieze-like *tableaux vivants* perceived through gauze, were ravishing) and chorus movement. Krief was also responsible for the sets and the soft, romantic lighting. Sapho did not leap visibly into the sea but was gradually obscured by Turneresque clouds. The style was Greek-classical seen through 19th century French painters' eyes. Gérard Audier designed the costumes.

The only number in the opera familiar today is Sapho's valedictory "O ma lyre immortelle" (recorded by Crespin among others), a piece of long-limbed, grave lyricism. That it is so satisfying as a finale is the more curious because it is really a strophic song with two verses and a short coda. Michèle Command, who had sung the earlier scenes with charm, dignity and sensitive phrasing, rose to the occasion.

As for the wretched Phaon, with whom the weak and vacillating composer surely – if perhaps unconsciously – identified, the only thing a tenor can do is to sing the music (better than the character deserves) as mellifluously as possible. Christian Papis did well. As the viper Glycera, the Canadian soprano Sharon Coste showed a vibrant voice of great promise. But since she swallowed most of her words, the result was inconclusive.

The "Nouvel Orchestre" of Saint-Etienne has been thoroughly trained in a short time by Patrick Fournillier, the moving spirit in these revivals. On the first night this able conductor was showing a degree of consideration for the singers which Gounod's transparent scoring hardly calls for. There is grandeur as well as clarity in this score. In future performances Fournillier could afford to give the orchestra more headway. That will only be possibly if this staging, as it deserves, can be shown in other theatres. A live recording is promised. Meanwhile the excellent Cambreling version with Katherine Ciesinski and Alain Vanzo has been transferred to CD (Rodolphe RPV 32663.64).

Ronald Crichton

Canaletto campaign

The National Gallery's successful campaign to acquire Holbein's "Portrait of a lady with a pet squirrel" has diverted attention from the Tate Gallery's attempt to retain Canaletto's "The Old Horse Guards, London" from possible export, writes Antony Thorncroft.

The Harris Estate had put the painting for sale at Christies' on April 15. The Tate is keen to acquire this important work, painted in 1749, a year before the Old Horse Guards was demolished.

Unfortunately, the National Heritage Fund stumped up £3.5m for the Holbein and can credibly plead poverty. The Canaletto would cost at least £3m, but negotiations continue and could still end in success.

City of Birmingham Symphony Orchestra

Towards the Millennium, the concert series devised for the City of Birmingham Symphony Orchestra by Simon Rattle and the late Michael Vyner, continues on its richly rewarding way in Birmingham, Cardiff and London. The latest instalment in this vast progression through the 20th century was devoted to the year 1912: a convenient peg – since closer links between the works could hardly be traced – on which to hang a superb programme of Schoenberg, Prokofiev and Debussy.

Inevitably, the London visitor to Symphony Hall (where on Wednesday I caught the concert) spends much of his listening time revelling in its acoustics, and in the freedom they allow the CBSO to make real music. Already, after nearly a year's residence here, the gain in the players' responsiveness and spontaneity of detail is a cause for simple amazement. The closing performance of Debussy's three *Images* was a glistening tissue of feather-brushed sounds, of single lines lightly poised, of timbral combinations suspended in air.

Rattle has always had a native feeling for Debussy's orchestral ethos, for its precise yet elusive flow of colours and ideas. In their home hall, he and his orchestra have been able to develop this gift steadily; the corporate achievement of these Birmingham Debussyans is now marvellous to behold. There was far less need for orchestral subtlety in the Prokofiev First Piano Concerto, earlier on; yet the accompaniment had a boldness and vitality of colour very seldom equalled. Emanuel Ax was a magisterial soloist, missing only the last degree of wit and wizardry.

The first part of the concert was devoted entirely to Schoenberg's *Pierrot lunaire* – the seminal, mould-breaking 1912 masterpiece. Giving it here, with lights down and in semi-staged form, was a brave experiment that failed to come off. The five players from the Birmingham Contemporary Music Group plus Ax as excellently stylish and communicative pianist offered a magically free and fluent account of the score under Rattle's direction; *the sound-world, full of wild* disturbance yet drily detached, was perfectly evoked.

Yet the sheer physical space placed between many of us and the reciter, Elise Ross, robbed the experience of intimacy. The decision to speak the poems in German rather than (as Schoenberg preferred) in the language of the audience is further compromised when the printed words are rendered invisible during performance. *Pierrot lunaire* should transport its audience through night-worlds of fantasy. This time, in spite of innumerable delicacies and graces in Miss Ross's delivery, the journey never really began.

Max Loppert

Amanda Harris as the Shrew

Alastair Muir

Royal Shakespeare Company, Stratford

The Taming of the Shrew

Montaigne knew that good marriages abjure the company and *conditions of love and endeavour* to present those of amity: "It is a sweet society of life, full of consistency, of trust and an infinite number of profitable and solid offices, and mutual obligations." But the connubial coup in Bill Alexander's exciting *Taming of the Shrew* (Royal Shakespeare Company) has nothing to do with Kate and Petruchio; it has to do with the plot.

At last a director has succeeded in marrying the shabby Christopher Sly scenes to the lustrous central action of the *Shrew*. This is, as Shakespeare nearly said, a true marriage of impediments which nobody minds. As a piece of theatre, it is intelligent, magical, and wholly absorbing.

Christopher Sly has always troubled directors. Jonathan Miller (RSC 1987) excised him, but here, Alexander has rewritten his scenes and made them germane to the action. A group of *jeunesse dorée* (1992 vintage) comes across the drunken Sly and decides to take him home to an Elizabethan dress performance of the *Shrew*.

The exterior scaffolding set gives way to a candlelit wood-panelled interior, sofas and sweetmeats on a dais. Sly sits among the floppy aristocrats, watching the performance which they share with the *theatre audience. He intervenes* occasionally, reassured by Petruchio, "It's all right, it's only a play."

But what starts as a joke – *fooling the drunk – transforms* itself, by the alchemy of drama, and beguiles the tricksters. This revives the play's concerns with states of wakefulness and dreaming. Sly is put back, finally waking to see the actors arriving for an after-show drink.

By framing the action, Alexander sidesteps the play's political difficulties in the post-feminist 1990s, since his *Shrew* has become a performance within a play. Alexander is not hamstrung by the self-censorship of political correctness: Kate's final speech no longer *has* to be ironic, for she speaks it not to the theatre but to a self-possessed twentieth-century woman in the closet audience. A feminist reaction is one among many in a complex and crowded scene.

The Shrew itself, played on a bare stage, has great energy and verve. It will tighten and quicken as the season advances. The principals are apt and subtle. Anton Lesser's Petruchio is the confused New Man of the 1980s: a soft centre baked to a hard exterior, and never simply the brawling *braggadocio* of tradition.

Opposite him, Amanda Harris as Kate appears in a *poisonous crouch, every vituperation* wrenched from her like a concession. When she lightens up and agrees with Petruchio that the "sun" is indeed the "moon – *or what you will*", one senses the strong, uneasy accommodation of two strong wills.

Below stairs, Geoffrey Freshwater as Grumio plays the natural roustabout man's man. He involves the drawling closet onlookers in the dangerous homecoming scene (Dorian MacDonald and Barnaby Kay are particularly good at playing non-actors acting) ahead of Petruchio and Katherine.

Elsewhere, the parallel plot which Dr Johnson thought exquisitely entwined with the wooing of Kate, is carried by Trevor Martin as a sonorous Baptista, Rebecca Saire as a willowy Bianca, and a trio of suitors lead by John McAndrew's bland Lucentio.

The staging is meticulous and exact, the lighting imaginative, the overall effect consistently winning. This production calls up the visceral world of the Sonnets, also from the 1590s: "Thus have I had thee as a dream doth flatter: In sleep a king, but waking no such matter."

Andrew St George

In repertory til January 1993 at the Royal Shakespeare Theatre, Stratford-upon-Avon. ***Box Office (0789) 295623***

INTERNATIONAL

ARTS PREVIEW

& EXHIBITIONS

From April 20 to October 12, the Seville Expo promises to be the biggest stage on earth. There will be a daily programme ranging from street entertainment to *performances* by major figures of theatre, music and dance.

The opening production at the Maestranza Theatre will be Carmen (April 24, 28, May 2), conducted by Placido Domingo with a cast including Teresa Berganza and José Carreras. At the end of May, the Metropolitan Opera gives three performances of Un ballo in maschera under James Levine, with a cast led by Domingo, who also stars in the Paris Bastille production of Otello (July 19 and 22). Other operatic guests include major companies from Milan (July 10 and 12), Vienna (Sep 4, 6, 8) and Dresden (Sep 28).

There is also a roll-call of the world's great orchestras: the Berlin Philharmonic under Barenboim (May 5 and 7), the Orchestre de Paris under Bychkov (May 6), the Israel Philharmonic with Mehta (May 11), the St Petersburg Philharmonic under Temirkanov (May 12), the Philadelphia Orchestra with Muti (May 16), the Oslo Philharmonic with Jansons (May 22), the Munich Philharmonic under Celibidache (May 23 and 24), the Gothenburg Symphony under Jarvi (Aug 23), the Vienna Philharmonic under Abbado (Sep 7) and the Concertgebouw with Chailly (Sep 21 and 22).

The programme in the open-air Auditorium includes the Paris Opéra Ballet production of La Sylphide (April 27 and 28), an anthology of Zarzuela featuring famous Spanish singers (May 8 to July 28), jazz tributes to Charlie Parker, John Coltrane and Miles Davis (July 13 to 28), a Gubaidulina world premiere conducted by Rostropovich (July 22) and a flamenco spectacular (Aug 2, 3, 4).

***The dance programme at the* Roman Amphitheatre of Italica includes the Martha Graham Dance Company (June 26 and 27), English National Ballet (July 20 and 21), the National Ballet of Chile (July 27 and 28), the Gulbenkian Ballet (Aug 3 and 4) *and several major Spanish* companies. The Central Theatre will host performances by the Frankfurt Ballet (June 25, 26, 27) and Anne Teresa de Keersmaeker's Brussels company (Aug 20, 21, 22), but its main programme will be *devoted to avant-garde theatre*, with performances devised by La Cuadra, Jean Claude Gallota, Fura dels Baus and others. All the plays will be Spanish premieres, and in some cases world premieres (For more information, dial 0034 5 448 0404 from outside Spain, or 902 221992 in Spain).**

EXHIBITIONS GUIDE

BRUSSELS

Musée d'Ixelles Turner's Rivers of Europe. Ends April 30. Closed Mon (71 rue Jean Van Volsem)

DUSSELDORF

Kunstmuseum Venice's Fame in the North: a major show of 155 outstanding Venetian 18th century paintings and drawings by Carlevaris, Tiepolo, Piranesi and others, on loan from an international range of museums. Ends April 28. Closed Mon

FRANKFURT

Schirn Kunsthalle The Great Utopia: the Russian avant-garde 1915-1932. Ends May 10. Daily

Stadel Max Klinger (1857-1920). Ends June 7. Daily

Deutsches Architekturmuseum Antonio Sant'Elia: 400 drawings by the revolutionary early 20th century Italian architect. Ends May 17. Closed Mon

GRANADA

Alhambra Palace Al-Andalus: The Art of Islamic Spain. The first comprehensive exhibition on the subject of Spanish Islamic art from the 8th to the 15th centuries. Set in the ornate palace left behind by the Moors who ruled Spain for nearly 800 years, the exhibition demonstrates the spectacular power of Iberian Islamic arts and the multi-faceted culture of medieval Spain. Among the 120 objects are illuminated manuscripts, metalwork, ceramics, ivories, armour, textiles, carpets and architectural items. Ends June 7

LAUSANNE

Musée d'Art Contemporain Peter Halley: 55 works documenting the American artist's work over the past ten years. Ends May 31. Daily

Musée Cantonal des Beaux-Arts Contemporary textile art: 62 works from 23 countries, including a broad selection from Scandanavia and east Europe. Ends June 28. Daily

Fondation de l'Hermitage Fifty Years of Vaudois Art: paintings, drawings and sculptures from the period 1890-1940. Ends May 10. Closed Mon

LONDON

Accademia Italiana Rediscovering Pompeii: 200 excavated objects, offering insight into life in the first century and illustrating how computer technology has revolutionised the analysis of archeological evidence. Advance booking through Ticketmaster 071-379 4444. Ends June 21. Daily

National Gallery Rembrandt. Advance booking through First Call 071-240 7200. Ends May 24. Daily

Tate Gallery Otto Dix. Ends May 17. David Hockney: Seven Paintings. Ends July 26. Brice Marden: contemporary painter-engraver. Ends June 21. Turner: watercolours and drawings 1830-1840. Ends May 10. Daily

Victoria and Albert Museum Sovereign: items belonging to the Royal Family which have never been seen in public, including coronation robes, gold plate and family photographs. Ends Sep 13. 20th century costume jewellery by Chanel, Dior and others. Ends July 5. Daily

Royal Academy of Arts Alexander Calder (1898-1976): versatile US artist. Ends June 7. Daily

Barbican Van Gogh in England. Ends May 4. Daily

MADRID

Fundacion Juan March Alexej Jawlensky, Russian painter who settled in Germany and became friends with Klee and Kandinsky. Ends June 14. Daily

Calcografia Nacional Mexican drawings from the 19th century. Ends April 30 (Real Academia de San Fernando, Alcala 13)

Centro de Arte Reina Sofia Clyfford Still, American abstract expressionist. Ends May 17. Also Visionary Switzerland: the Swiss identity in art. Ends May 10. Closed Tues

Museo Sorolla Zorn and Sorolla. Ends May 3 (Paseo del General Martinez Campos)

PARIS

Centre Pompidou Czech Cubism 1910-25: architecture, design, visual arts. Ends May 17 (Galerie du CCI). Also Georges Rouault (1871-1958). Ends May 4 (Grande Galerie). Closed Tues

Grand Palais Toulouse-Lautrec. Ends June 1. Closed Tues, late opening Wed. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du General Eisenhower, metro Champs-Elysées, Clemenceau). Also Les Lautrec de Lautrec at the Bibliothèque Nationale (1 rue Vivienne, 2e) and other exhibits echoing Lautrec's world at the Musée d'Orsay. Ends May 31. Closed Mon

Louvre Clodion (1738-1814): largest exhibition ever devoted to the French sculptor. Ends June 29. Closed Tues (Hall Napoleon)

Musée des Antiquites nationales The Stuart Court at Saint Germain en Laye at the time of Louis XIV. Ends April 27. Closed Tues (more information on 3451 5365)

Galerie Odermatt-Cazeau Germaine Richier (1902-1959), French sculptress. Ends April 25. Closed Sun (85 bis, rue Faubourg St Honoré)

ROME

Villa Medici More than 150 drawings by Raphael and his pupils, on loan from the Louvre and other major museums. Ends May 31

Palazzo degli Esposizioni Invisibilia: an unusual exhibition of objects taken from the bowels of Roman museums and historic villas, normally hidden from public view. Ends April 12

St Peter's (Braccio di Carlo Magno) The Work of Man: from Goya to Kandinsky. 100 paintings describing the impact of the industrial revolution on society and the new kinds of poverty it produced. Ends April 26

Palazzo Ente-Eur Inca Peru: Rites, Magic and Mystery. 350 objects from museums in Peru, US and Europe dating from 1500 BC up to the Spanish conquest. Ends April 12

VENICE

Fondazione Cini From Pisanello to Tiepolo: Venetian drawings from the Fitzwilliam Museum in Cambridge. Ends June 14. Closed Mon

Palazzo Grassi Leonardo and Venice: an exhibition of drawings from Italian and foreign museums, exploring Leonardo's influence on painters of the Venetian Renaissance. Ends July 5

Museo Correr Canova sculptures and the Farsetti Collection from the Hermitage. Ends Sep 30

WASHINGTON

Arthur M Sackler Gallery Masterpieces of Mesopotamian Art from the Louvre: more than 30 objects, including engraved gold plaques, fragments of monuments and carved stone excavated by 19th century French archaeologists in the Middle East. Ends Aug 9. Daily

National Museum of American Art Folk Art Across America: a new installation drawn primarily from the permanent collection. Also contemporary American landscape photography. Ends June 28. Daily

Textile Museum Oriental rugs from New England private collections. Ends May 3. Daily

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday April 3 1992

Tough time for Europe's left

FEW TEARS will be shed over the departure of Mrs Edith Cresson. But it is ironic that Mr Pierre Bérégovoy, the main architect of her downfall, should now take her crown. The new French prime minister has been the intellectual driving force behind France's tight economic policy of the last few years, the painful side-effects of which are largely to blame for the Socialist government's present unpopularity. Mrs Cresson, for all her faults, was sacrificed for this cause, a precedent upon which Mr Neil Kinnock might reflect.

Mr Bérégovoy may also find his electoral standing is rapidly squeezed by the burden of France's economic problems. The electorate is weary after years of high unemployment and slow growth, as last week's polls made clear. But there is little he can do to change things for the better.

The French economy's downturn may well be reaching its nadir. Germany's post-unification expansion, which buoyed French exports and growth in 1990, has turned sour. But inflationary pressures remain, requiring the Bundesbank to keep the interest rates of all members of the European exchange rate mechanism at painfully high levels. German rates will remain high for some months yet.

Greater cost

Perversely, France's hard-won battle to reduce its inflation rate below that of Germany makes the *real cost to it of Europe's tight* monetary policy even greater. Nor will Mr Bérégovoy find it easy to *follow the lead of other European* countries and relax fiscal policy. The one achievement after years of rigour is France's lonely position as the only important European country that meets all of the convergence criteria for European monetary union.

In short, the French Socialist government will have to fight next year's general election against a background of sluggish growth and high unemployment, similar to that which in Britain may be about to deliver the first socialist government for more than a decade. Mr Kinnock's Labour *party is also pledged to follow sim*ilarly monetarist policies to those of Socialist France.

There are some lessons the British Labour party would be wise to learn from the French experience if it is not to follow its socialist brother's example. The French government's problems are compounded by its failure to tackle France's persistent long-term unemployment problem. Labour has a clearer idea of the combination of counselling and training needed to reduce long-term unemployment. But it must also avoid the over-zealous regulation that has stifled French job creation, discouraged women from joining the labour market and kept female and youth unemployment rates at very high levels in the 1980s.

Ongoing strain

If it wins next week, Labour may have five years in which to get its act together and see unemployment on a downward trend. But that might not be long enough. Even if German interest rates are falling by 1993, they are unlikely to fall very far. The fiscal strain of propping up east Germany will last for some years to come.

Persistently high European real interest rates and a sluggish German economy are not auspicious for European growth. Nor would an ERM re-alignment allow interest rates outside Germany to fall further, although some form of realignment before monetary union may be inevitable for countries *with persistent trade deficits such* as Italy and possibly the UK.

The strains imposed by Germany's *economic difficulties will* be especially tough for left-wing government to endure. Up to now, the French *Socialists* have judged the pains of a rigid ERM – slow growth and fiscal restraint – to be worth the gains in terms of enhanced credibility with financial markets and the promise of Emu. Mr John Smith and his Labour party colleagues have made the same judgment.

Yet if European growth remains sluggish after 1993, and Emu is pushed further into the future, they will find life increasingly hard. Going forward to Emu or retreating to a more flexible ERM with independent national central banks, are both consistent with the agenda of Europe's social democratic left. But the status quo, if it persists into 1993 and beyond, *may be too tough to tolerate.*

Modernising the UK state

MODERNISING the governance of the UK will be a central challenge for whichever government emerges on April 10. Demands for the reform of Britain's system of government are growing, yet the debate in the election campaign has been limp.

On grounds of political efficiency alone, there is ample justification for reforming the management of the British state. The decline in local *government has* allowed central government to gather to itself overweening power. *Parliament offers inade*quate checks and balances to the power of the executive, leading to blunders such as *the poll tax.* Westminster itself is losing power to Brussels, yet behaves as if little has changed.

There is now a well-established agenda of issues. Top of the list is Scottish devolution, which – barring electoral upsets – will be irresistible. The Scots should have home rule if they choose it in a referendum, provided they accept a reduction in the number of their MPs at Westminster to give them equal representation with English and Welsh voters.

There is a pressing need to re-establish strong and accountable local government with a stable fiscal base. *That includes* an authority for London in order, at the very least, to deal with planning, transport, *economic development* and promotion. The wealth of quangos and opted-out bodies *which run everything from* the health service to individual schools must be made account*able.*

Questionable case

The case for an assembly in Wales and regional government in England is more questionable, but if the Scots have their assembly, pressure for wider reform will grow. Increasingly, English regions feel disadvantaged in the EC, as Brussels relates to a *Europe des régions.*

Even with devolution, however, Westminster would remain a tool for elective dictatorships. Fixed-term parliaments, freedom of information legislation, an elected second chamber and a bill of rights are all gathering support. So, too, is electoral reform for the House of Commons to ensure that no government is able to rule without the support of a majority of the electorate (one reason why every emerging democracy in eastern Europe has chosen proportional representation). A by-product would almost certainly be much greater political stability, with change incremental rather than by the swing of the political pendulum – something which business should welcome.

Not immune

Sadly – and despite the best *endeavours of Charter 88, the con*stitutional reform campaign – these issues have not had the air*ing they deserve. The Conserva*tives deny that there is a problem. They claim virtue in resisting *Scottish devolution, which would* could easily mean prolonged Conservative rule in England. However, a *fourth-term Tory* government will not be immune from the pressures for change from Brussels – or from *Edinburgh.*

To his credit (and self-interest) Mr Paddy Ashdown has banged the drum for reform, arguing that constitutional change is a pre-requisite for solving the UK's economic and social problems. Labour has endorsed parts of the same programme, apart from a strange desire to write its own *bill* of rights rather than incorporate the European Convention into UK *law. But there is a whiff of a play* for the Liberal Democratic vote in this endorsement – Labour seems *unable to provide convincing* answers to the detailed questions about reform, such as the time*table for change and the functions* of different tiers of government.

Labour deserves credit, however, *for setting up its commission* on electoral reform, chaired by Professor Raymond Plant. Some think this a cynical *exercise*, certain to be shelved if Labour acquires an overall majority. But the first Plant report offers a cogent and erudite review of the options on electoral reform and the arguments for and against each.

If Labour leads the next government (in or out of coalition), it should be held to its pledge to convert the Plant commission into an official review involving a wider spectrum of opinion. The next parliament is the time for careful debate and action on this vital topic.

Safe hands for a party in distress

Ian Davidson asks whether the new prime minister can save the French Socialists

Mr Pierre Bérégovoy, France's new prime minister, is a paragon of gravity, moderation and great *experience. Of all the* available candidates, he looks the safest to take over the government, *at a time when President François* Mitterrand's administration is reeling from its humiliating rout in the recent regional and local elections. What is not immediately obvious is whether he also has that flair of inspiration, in addition to his many manifest qualities of decency, which might help him restore the political legitimacy of the Socialist government, now virtually destroyed.

This is the scale of the problem facing him. It is commonly said that whoever succeeded Mrs Edith Cresson would face two tasks of steeply rising difficulty. The first is to halt the disastrous collapse in the government's popularity which accompanied her 10-month premiership; the second is to encourage the Socialist party to face the general elections a year from now, if not with confidence, at least without the dreadful certainty of a total massacre. Equally commonly, it is said that the first task is difficult, and the second out of reach.

In fact, the crisis facing the government is far more serious than that. The question is not whether Mr Bérégovoy can climb up the charts again in time for next year's general elections, but whether this government can manage to stay in power even until the end of this year. The political crisis is now so acute that the Mitterrand régime may not be able to avoid either early general elections, or early presidential elections, or both.

The question of democratic legitimacy is clearly posed by the stunning collapse in popular support for the ruling Socialist party. Four years ago, in the 1988 general elections, the Socialists fell short of an absolute majority of seats in parliament, but at least they could claim the popular support of nearly 35 per cent of the voters.

In the regional elections of 10 *days ago, by contrast, their popular* support had shrivelled to less than 19 per cent. Of course, the regional *elections have no effect on the* Socialists' strength in the National Assembly; but a disavowal on this scale cannot fail to destabilise the credibility of their position as the party of government.

The regional elections may, however, have overstated the Socialists' loss of support. The free-fall proportional system encouraged a dispersal of voting, which would probably not apply to a real-life general election with majority voting. In the second round of the local elections, for example, the Socialists got nearly 25 per cent, and most polls of future voting intentions point to 22 or *23 per cent. Still, even 23 per cent* represents a very large drop.

The follow-on effect of the *regional election disaster is that it* will become increasingly difficult for the Socialists to get legislation *through parliament. As it is, the* previous government often had to resort to awkward methods of pushing through its bills, to make up for its lack of an absolute majority. First, it co-opted some non-Socialists into the cabinet so as to enlarge the apparent size of its political base; second, it sometimes coerced the Communists into reluctant acquiescence by threatening to provoke a vote of no-confidence.

Neither of these devices is likely to work as well in future. The moderate conservative, Mr Jean-Pierre Soisson, was one of the leading non-Socialists in the outgoing Cresson government. But he was forced to *resign from his job as minister of* public administration because he appeared to have accepted the support of the extreme right-wing National Front in his election to the presidency of the Bourgogne regional council.

Mr Brice Lalonde, leader of the Génération Ecologie movement, was minister for the environment in the outgoing Cresson government, but he has announced that he will not be a minister in a future Socialist government. He says he is revolted by the wheeling and dealing that have been taking place in the corridors of power of the newly elected regional councils. His real reason may be that, with more than 7 per cent of the national vote, he *sees more advantage in working for* his own party than for a Socialist government which looks doomed. But the result is the same: his interest is to lead a party of opposition.

Whatever his reasons, the Socialists will find it more difficult to co-opt symbolic figures from the ecological movements, who in any case are not represented in parliament. Moreover, centrists who were once tempted by President Mitterrand's overtures now know that they have much less to gain from helping the Socialists than from lining up with their more natural allies on the right.

The Communists, for their part, have finally rejected all vestiges of their one-time alliance with the Socialists and are set to play an *openly hostile role in future.* In the regional elections their vote sank once again to a hard core of 8 per cent, compared with 11 per cent in the last general elections, and the party now seems to have decided that it has little left to lose. It has described its new posture as that of "opposition of the left", which implies a systematic hostility to the Socialist party. If the Communists accept that they are now doomed to the residual role of a protest party, but believe that their support can scarcely fall any further, they will be much less afraid of early general elections than the Socialists. As it is, *they announced yesterday* that they would not support a vote of confidence in the new Socialist gov*ernment.*

It is a measure of President Mitterrand's *predicament* that his preferred candidate to take over the prime ministership declined the invitation. Mr Jacques Delors, president of the European Commission, consistently sails right at the top of the French popularity ratings, and the polls say he is much the strongest potential Socialist candidate for the next presidential elections. As a result, he looked naturally cast for the part of the white knight who could rescue the Socialist party in its distress. He evidently concluded that the costs of the operation would far outweigh the rewards.

There seems no doubt that President Mitterrand and Mr Delors conducted intense negotiations last week. Their failure was made public on Monday, with the pointed announcement by Mr Delors' spokesman that the Commission president was fully engaged in his present heavy responsibilities in Brussels, and expected to serve out the rest of his term, which runs until the end of this year.

According to Le Figaro, the negotiations foundered because the political conditions demanded by Mr Delors were unacceptably high. He insisted, said the newspaper, that he must have the authority to dis*solve parliament, as a lever to exert* the maximum discipline over the Socialist party.

In formal terms, such a condition could not have been met: under the constitution only the president has the authority to *dissolve* parliament. But the message was that Mr Delors was not interested in becoming prime minister unless President Mitterrand was effectively prepared to concede to him the ultimate powers of decision in the state.

This would be the second time that Mr Delors was offered the Hotel Matignon, but set impossible conditions. In the spring of 1983, the new Socialist government was being battered by continuing foreign exchange crises and a third devaluation, as well as by a heavy electoral defeat in the March municipal elections.

The president turned to Mr Delors, then finance minister, and asked him to take over from Mr Pierre Mauroy as prime minister. Mr Delors said yes, but only if he kept control of the Finance Ministry. Mr Mitterrand refused and, after nine days of hesitation, Mr Mauroy was obliged to soldier on as prime minister for another 16 months. So Mr Delors stayed at the Finance Ministry, and imposed the new, rigorous and non-*Socialist* economic policy that is still in force.

The lesson of today's crisis is that the job *facing* any new prime minister is once again so difficult that the position is not necessarily attractive to a politician *with further* ambitions. At best, the prime minister in France carries responsibilities and *risks which are far greater than* his political authority: the president rules, and the prime minister is his *submissive executant. In present* circumstances, Mr Jacques Delors had nothing to gain, and a great deal *to lose*, from President Mitterrand's offer. He could only safeguard his popularity and his *chances in a future presidential* election by staying right away from the calamitous situation in France.

Yesterday, Mr Bérégovoy set an agenda which *is clearly meant* as an answer to France's disaffected protest voters: *unemployment* and economic recovery, law and order, and the environment. This is unlikely to mean a *significant* change of policies, however, because his room for manoeuvre is so narrow. His key asset, his reputation for economic orthodoxy, remains unquestioned, despite a budget deficit which has swelled out of control as a result of the recession, because his anti-inflation achievements are intact. It is unlikely he will risk any heroic reflationary adventures, because they would do serious damage long before they did any good.

In any case, the managerial aspects of Mr Bérégovoy's programme will be overshadowed by the political dramas which lie ahead. President Mitterrand is in a position of great difficulty and *weakness; it is entirely possible that* he will be unable to complete his term, which expires in 1995; but he *is certain to fight* to regain the initiative right until the end.

How he will fight is still undecided, but he must take his stand on an issue of important political principle. There are two which are tailor-made for the battle: the ratification of the Maastricht Treaty of European Union, scheduled for next month; and a second constitutional revision, to shorten the term of the presidency, planned for the autumn.

His problem is that he cannot make a conclusive personal comeback, except with a convincing "yes" vote in a popular referendum. The danger is that the electorate *might vote "no" to the questioner,* rather than "yes" to the question. Since President Mitterrand will not risk a rejection of the Maastricht Treaty, he is likely to push ratification through a special session of parliament.

The logical inference, therefore, is that he should wait until the autumn to stake his position and the standing of the Socialist government on the second constitutional revision in a popular referendum. But the key problem is that he may not be able to control the timetable. If the crisis breaks earlier for reasons beyond his control, much of his presidential legacy, starting with the ratification of Maastricht, could be in jeopardy.

Burdened but unbowed

John Lloyd on the fight over Russia's economic policy

Mr Yegor Gaidar, who was forced to step down as Russia's finance minister yesterday, told the Financial Times as the announcement was made that he was determined to ride out the criticism of his economic reform policy.

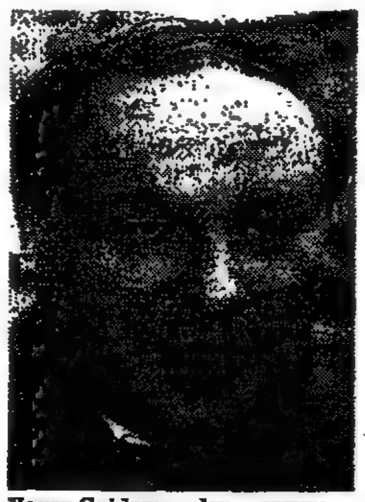
Though he said Mr Yeltsin "fully supports this government and the direction of its policy", he also said his tight credit policy would be significantly relaxed under pressure from the industrial managers, now starved of credits and with debts to the banks and to each other of more than Rbs800bn. He said that about Rbs100bn would be quickly made available to these enterprise bosses, "enough to ease their problems, but not so much that that it threatens hyperinflation".

Mr Gaidar said he could no longer adhere to his previous target of balancing the budget this year, and that there would be a large overshoot in spending in March, April and May. This was because the government would fulfil its promises to fund some programmes that it had squeezed in the first two months of this year.

However, he said in the second half of the year he would be able to tighten money supply again: "I make no commitment on this, but I would hope we would keep to a deficit of less than 5 per cent of Russia's gross domestic product at the end of the year" (this compares with a 20 per cent deficit on the all-Soviet budget at the end of 1991).

He said the International Monetary Fund *had itself* suggested the loosening of credit – suggesting that without its pressure he might *have continued* the tight policy.

Stressing that he would stay on as deputy prime minister, Mr Gai*dar forecast he would come under* attack at Monday's meeting of the Russian Congress of Peoples Depu*ties: "There will be very strong crit*icism from the old communist bloc, there will be very strong criticism from the Russian nationalists, who will say I am selling the country to the IMF and the western powers. We will be criticised by the agrarian deputies because we don't care about agriculture and we will be criticised by the enterprise managers because they face serious problems of industrial restructuring.



Yegor Gaidar: under pressure

"But what really should be at issue will be this: can you really afford to change the government now? Because a change of government will mean an institutional mess, and it will be very bad to get rid of a government that is so recently in office." He added: "I think we will survive next week."

Mr Gaidar said that the $18bn bal*ance of payment support* and $6bn stabilisation fund from the Group of Seven leading industrial countries *announced on Wednesday* was "a sign of very serious support. And it was the right moment to do it from the political point of view." *He said* he was "very satisfied" with the IMF's offer of a 3 per cent quota, *giving borrowing rights of $4bn* once Russia gained membership at the end of this month. "Of course, we would like more as a big important country, but first we have to prove we are a superpower economically as well as a superpower because we have nuclear weapons."

Mr Gaidar says the government will use the $6bn stabilisation fund to allow the Russian Central Bank to intervene in the markets to keep the rouble at a rate floating at – on his present estimates – 40 to 50 roubles to the dollar (it is presently at Rbs110). He said the government's original calculations that the rouble could be fixed at 25 to 30 roubles to the dollar had been revised, and that "we would never attempt to defend an overvalued rouble".

There were no fears, he said, that there would be a speculative run on the rouble which would eat up all of the $6bn stabilisation fund – "quite small interventions by the bank would be enough to deter speculators, because the market is really quite limited". He said the new rate of the rouble should be set after oil prices were raised (though not freed) to about Rbs2000 a tonne in two months. Liberalisation of oil prices to world levels might take a year and half longer after the first price rise to allow the restructuring of the industry. It would reach these levels in stages.

He would not be drawn on what other changes would be announced in a wider reconstruction of the cabinet, but said that Mr Boris Yeltsin, the Russian president, would remain as prime minister. He evaded giving any reply on the *future of Mr Gennady Burbulis, the* first deputy prime minister: it seems likely that Mr Burbulis will *lose this role in the* reshuffle.

There was no sign in the interview, given in the old Communist Party Central Committee headquarters, that Mr Gaidar was a broken politician: merely one who has *learned to compromise*, and to survive.

Joe Rogaly

Stalemate before the final frantic lap

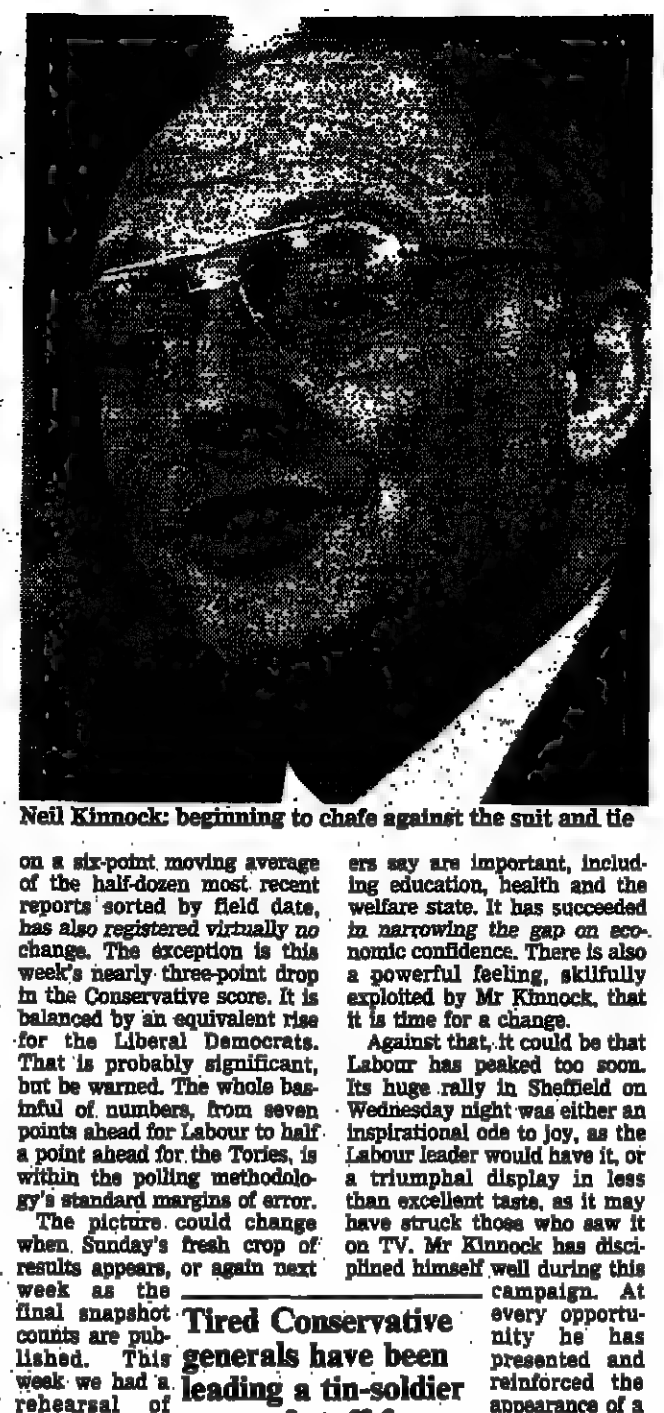
Next week the British general election may turn into the most exciting race for power since Hubert Humphrey nearly pipped Richard Nixon at the post in 1968.

I remember being telephoned from London while the count was on. "We must plan our edition now," barked the voice from across the Atlantic. "Which is it to be – Democrat or Republican?" Sitting on the edge of a chair in Washington, the only possible response was to shut one's eyes and guess. "Nixon," came the scared whisper. In the event, he got a fractionally larger vote than Humphrey, and squeaked through in the electoral college.

Next Thursday, we could be transfixed, hypnotised by the little screen, staring at swingometers and chequered maps of Britain, while holding drinks in one hand and using the other to tick off individual seats. Several TV pundits will be required to explain Scotland to the rest of the nation. In Northern Ireland the UUU, the utterly unpredictable unionists, will continue to flummox us. A few disgruntled ex-MPs *standing as independents may* make a difference in certain constituencies.

All of this presupposes that the polls will continue to predict a parliament in which no party holds an overall majority. If the outcome is indeed as close as that, we will be counting heads through the night to establish which of the big two commands the largest number of seats – Mr Neil Kinnock's Labour, or Mr John Major's Conservatives. In either circumstance, the precise numbers will be decisive. In the pre-polling chitterchat of the past few weeks one constant assertion has been that if the Conservatives return fewer than 315 MPs (326 being necessary for an overall majority) they will be out, since not even the UUU could save them then.

You can read a forecast of a hung parliament into the polls published so far this week. The graphs of the results have told the same story for six months. They register approximately 38-40 per cent Tory, 40-41 per cent Labour, and mid-to-late teens Liberal Democrat. Mori's polls in The Times have shown Labour at 41 per cent in week one of the campaign, 43 per cent in week two and 41 per cent in week three. In the same poll, the Tories have stayed put at 38 per cent. The Lib-Dems have moved up a point, to 17 per cent.



Neil Kinnock: beginning to chafe against the suit and tie

Our FT poll of polls, based on a six-point moving average of the half-dozen most recent reports sorted by field date, *has also registered virtually no* change. The exception is this week's nearly three-point drop in the Conservative score. It is balanced by an equivalent rise for the Liberal Democrats. That is probably significant, but be warned. The whole basinful of numbers, from seven points ahead for Labour to half a point ahead for the Tories, is within the polling methodology's standard margins of error.

The picture could change when Sunday's fresh crop of results appears, or again next week as the final snapshot counts are published. This week we had a rehearsal of what could be another roller-coaster ride, with the polls saying hung parliament on Sunday, Labour walkover on Wednesday, and hung parliament yesterday.

Tired Conservative generals have been leading a tin-soldier army of staff from headquarters

There is another possibility. The betting at Ladbrokes, on the IG index and elsewhere, suggests that people are beginning to put their money on a Labour victory. The markets are hiding their cash from the very same prospect. But what kind of a Labour victory? Some punters say flatly that Mr Kinnock will win outright. There is a strong argument in favour of this theory. Labour is ahead on most of the issues that voters say are important, including education, health and the welfare state. It has succeeded *in narrowing the gap on economic* confidence. There is also a powerful feeling, skilfully exploited by Mr Kinnock, that it is time for a change.

Against that, it could be that Labour has peaked too soon. Its huge rally in Sheffield on Wednesday night was either an inspirational ode to joy, as the Labour leader would have it, or a triumphal display in less than excellent taste, as it may have struck those who saw it on TV. Mr Kinnock has disciplined himself well during this campaign. At every opportunity he has presented and reinforced the appearance of a prime minister-in-waiting. In truth he has shown a remarkable and hitherto little suspected capacity to control his own reactions and *prudently shape his face.* That could turn out to be a more telling characteristic than his celebrated changes of policy.

This week, however, Mr Kinnock's natural ebullience has begun to press against his neat suit and tie, as it did when he was playing up the crowd in Sheffield. He would not be human if he was not susceptible to the thrill of anticipation of victory, but he constantly needs to remind himself that over-confidence can lead to error, and error to defeat.

Such things matter. For this is turning out to be that rare exception – a contest in which the actual details of the campaign could decide the result. I'll come to those details in a moment, but first let me clear away a counter-argument. To say that the campaign is changing people's minds is not to contradict the view that there are deeper forces at work. It is just that recent history is now well accounted for.

We know that the Conservatives have been relying on continuing mistrust of Labour; Labour on deep disenchantment with the recession. We are aware that Labour has worked hard to escape from the aura of untrustworthiness in which the electorate has imprisoned it since 1979. That has moved the party to 40 per cent plus and kept it there. It has been established that the Conservatives are riding a push-me-pull-you. They are dragged forward by Mr Major's attention to public services, and backwards by the need to defend the Thatcher decade. Forwards by, shall we say, some of their manifesto commitments to social services, and backwards by the poll-tax demands arriving this very week. That lethal mixture orig*inally got them down to 40 per* cent minus, from which they may now have begun to descend. These are all givens.

The net result is stalemate. Analyses of the profound changes in British history that lie behind this result can take us no further. What could count at this stage, therefore, is the superficial stuff: the campaign strategies and tactics, the images the parties and leaders present to the public, and the last-ditch arguments produced as time races on.

It is for this reason that Conservatives have been drifting over to Mr Paddy Ashdown's party. Mr Major does not suit the part of political tough. Anti-Kinnock invective sounds false coming from his lips. His campaign has been ham-fisted. Too many generals have led a toy-soldier army of headquarters staff. Mr Ashdown's smooth crusade owes much to his willingness to submit him*self, and his entire team, to the* control of a single manager, the adept Mr Des Wilson. The Lib-Dem leader is the most popular campaigner of the three. If Mr Major can frighten some of Mr Ashdown's supporters away by saying they are letting Labour in, the race could yet be a cliff-hanger for the Tories. If not, we shall awake bleary-eyed at about this time next week to see Mr Kinnock on his way to No 10 Downing Street.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Labour tax plans will drag down south-east

From Mr P J Damesick.

Sir, In assessing the alternative economic policies of the main political parties, their differential regional impact must not be overlooked. In particular, there are serious risks inherent in Labour's shadow budget because of the potential damage to the UK's most important economic region of south-east England.

Average earnings for non-manual male workers in the south-east were £22,100 pa in 1991. This is the level at which Labour's income tax and National Insurance increases would start to bite. In Greater London, more than 10 per cent of the white collar male work-force earn over £40,000 pa and would face the top tax rate of 50 per cent (plus 9 per cent NI contributions).

Average earnings in London and the home counties are higher elsewhere in Britain, but so too is the cost of living, especially housing. We saw in 1989-90 the crippling effect of high interest rates on heavily mortgaged households in the south-east.

With the Institute of Fiscal Studies predicting that one-quarter of London's households would be worse off (in many cases, significantly so) under Labour's tax plans, the risk to consumer and housing markets is clear. The real "double whammy" for the south-east would be if Labour's fiscal shock for higher earners were combined with higher interest rates needed to support sterling in the ERM.

In the early 1980s the south-east led the economy out of recession. This time the region was hit first and hardest in the downturn, dragging the rest of the economy down with it. If Labour's new tax regime weakens south-east consumer and housing markets further, this could hold back national recovery.

P J Damesick,
director of research,
St Quintin,
33 Cavendish Square,
London W1M 9HF

American sees Tories as lacking courage to use legislative power

From C Warren Carter.

Sir, It is with some bemusement that I sit here in New York and watch the continuing decline of the Conservative party in the UK. Having spent nearly five years living and working in London, I had grown envious of the English parliamentary system where a government has the power of immediate legislative action.

I am somewhat dumbfounded by the Tories' refusal to have used this very authority to do something for the struggling UK economy and in turn improve their standing with the electorate. Instead of addressing the problems of Britain's high unemployment, a severely weakened property market, low consumer confidence and high interest rates, John Major and his party have wooed voters with small, piecemeal budget giveaways and a message to voters somehow to trust in government to turn things around.

Not surprisingly, Mr Major has found it difficult to explain to British workers why they are being priced out of jobs by high German interest rates. Indeed, the real message coming through seems to be to let the Bundesbank and ERM work their magic and everything will be fine.

I seriously doubt that the average UK worker cares much about the ERM, Ecu, Emu, or the grand strategies put forth at Maastricht. He does, however, understand the relationship between the cost of money and his mortgage payments and the restraint that high interest rates impose on his own economy.

I would also suspect that voters in the UK sense that the government's intransigent adherence to a weak economic theory as the basis for public policy is sign enough of a confused cabinet.

Even if one accepts that the UK's entry into the ERM was appropriate (and I feel that it was) there is little empirical evidence to support an argument that high interest rates should be the sole tool for maintaining a "correct" level of sterling exchange rates. The value of any country's currency is usually a reflection of its overall economic well being – and sterling sits at the bottom of the ERM because the economy is so weak.

Many wise pundits staked their reputations on the notion that the UK, with its high rates, upon entering the ERM, would be forced to lower interest rates to keep sterling from moving through the top of its upper band. The upward push in sterling never occurred, and it is puzzling to witness a government stymied by the equally specious view that lowering rates now as a part of a responsible growth package would destroy confidence in sterling.

If the Tories lose power on April 9, it may well be because Mr Major has not taken a more courageous stand on the economy.

C Warren Carter,
Aubrey G Lanston & Co,
20 Broad Street,
New York,
New York 10005

No benefit from road pricing

From Mr Paul Everitt.

Sir, The suggestion that commercial users would benefit from road pricing is both misleading and naive ("Commercial users seen to gain from road pricing", April 1). Road pricing would reduce their business in urban areas.

In Sweden, the local council in Stockholm has estimated that road pricing would reduce retail trade by 8 per cent. Clearly, such a reduction in economic activity would soon erode any operational benefits that might accrue to commercial users.

While road pricing may offer a conveniently simplistic solution to urban congestion, the practical realities of its introduction are more complex and disturbing. During the 1980s, 80 per cent of the growth in retail floor space took place in out-of-town sites. Pricing urban roads and discouraging their use will only create greater pressure for the development of green field sites where access is cheaper.

Road pricing is socially divisive and inequitable. The wealthy will be able to afford personal mobility, the poor will not. Despite improvement to public transport many will still aspire to be car owners. The majority of people will find road pricing as popular as the poll tax.

Paul Everitt,
assistant director,
British Road Federation,
Pillar House,
194-202 Old Kent Road,
London SE1 5TG

More than a new town

From Mr Geoffrey A Springer.

Sir, Vanessa Houlder refers to new towns showing their age (The Property Market, March 27). I would like to point out that the infrastructure of a town is as important as the design of the buildings, if not more so.

The first new towns were chosen in strategic locations with excellent road and rail communications and good access to London. They were well planned with good road systems, ample car parking, shopping and leisure facilities in the right position within the town together with quality modern housing.

Stevenage, for example, con*tinues to attract investment* from major multinational companies. Over the past three years more than £1bn has been invested in the town by such companies as Glaxo, Provident Mutual, Confederation Life and British Aerospace. Is it a coincidence that Stevenage has only one set of traffic lights?

Geoffrey A Springer,
director,
Markheath,
Markheath House,
31 St George Street,
Hanover Square,
London W1R 9FA

OBSERVER

Double trouble

■ To match the two memorial services being held for him *today, Australia's late mining* magnate Lang Hancock had two big slices of luck.

First, his sheep farm turned out to hold iron ore for which the CRA mining group pays £5.2m yearly. He spent it on quirky schemes – like sterilisation for Aborigines – that got him branded a crackpot.

The week *since he died has* brought nastiness, starting with police swooping on his Perth mansion, saying they'd heard he had been poisoned. And his doctor's delay in certifying his death has not deterred squabbling between his third wife Rose and his daughter by an earlier marriage, Gina Rinehart.

Each sent a hearse to collect his body from the mortuary, which refused to release it to either. The widow finally prevailed, but the rivalry continues in the holding of separate memorial services.

The estate should be less contentious. It is to be divided equally between the two, with the proviso that neither must contest the will, on pain of disinheritance.

To add to the rancour, Mrs Hancock's daughter by a previous marriage showed off the magnate's death room to a less than respectful TV programme, with the result that the widow plans to go on the box today to defend her good name.

Hancock's second slice of luck?. He's not there to see his family's behaviour.

Yet another

■ The last thing seemingly needed by Britain's biggest venture capitalist 3i is another chartered accountant. The place is crawling with the selfsame species already.

Hence the appointment of Alan Wheatley, Price Waterhouse's senior London partner, as next chairman of 3i looks unlikely to inspire punters to back what is going to be a difficult stock market flotation later this year.

While Wheatley is big in the profession and has sat on the boards of Cable and Wireless and British Steel, he has spent more than three decades climbing his way up the Price Waterhouse tree. He is certainly not in the same sort *of league as previous 3i* chairmen such as Lords Sherfield, Seebohm and Caldecote.

Admittedly, he is still only 53 and Price Waterhouse is a much bigger business than 3i. So he may yet turn out to be an excellent choice.

However, the success of *eminent* accountants in turning from professional practice to running businesses is less than compelling.

For example, Ian Hay Davison has still to prove his mettle at Storehouse, and the mixed records of company chairmen on the lines of John Darby (ex-Arthur Young) scarcely justify certainty about the wisdom of Sir John Cuckney's choice.

Cheers

■ Nice to see that Observer's favourite – Phyllis *Cunningham of the* Royal Marsden – won Veuve Clicquot's much-hyped Business Woman of the Year award. Being chief executive of a leading cancer hospital with 2,000 staff and an annual budget of £60m a year is a more demanding job than many in the private sector.

All the same, the competition was not as fierce as it might have been. It's said that Kathleen O'Donovan, BTR's spectacular finance director, was short-listed but refused to contend. Could she have been worried that a win might sharpen boardroom jealousy of her fame?

"I'm a tactical non-voter"

Up the pole

■ What's up with Lech Walesa? Although the Poles have grown used to indulging their president's strange whims, they've been cringing *in embarrassment at his antics* during his official visit to Germany, the first by a post-Communist Polish leader.

The trouble arose while Walesa and a group of Bundestag deputies were discussing his ideas about relations between Poland and the EC and NATO. On being asked to explain in more detail, Walesa was his usual evasive self, responding with generalities and red herrings.

Not impressed, some of the deputies began to drift out of the room. Whereupon Walesa lost his temper. "I would get better treatment in hospital than here," he reputedly exclaimed. "At least they would give me a bedpan."

Amid much clearing of throats, the Bundestag committee chairman promptly wound up the meeting to allow Walesa to answer the call of nature.

While it is not clear what is causing the latest bizarre behaviour, one theory is that Walesa is increasingly preoccupied with efforts by other politicians to form a grand coalition back in Warsaw. The idea that an effective government might be imminent is apparently too much for the president, who has been striving to keep the political scene fragmented while seeking to define a role for himself.

The Germans, meanwhile, have been puzzling over Walesa's quirky humour. His latest joke involves urging Mercedes to invest in Poland so as to reduce thefts of their cars in Germany.

Fleece day

■ Most countries' citizens, seeing sheep on the roof of their national parliament, would conclude they must be wolves in disguise. But that was not the case with the 100-strong flock grazing on *Australia's parliamentary* heights in Canberra.

They were there to mark National Wool Day, intended to recover the Australian wool industry from the dip which last year took prices to a 25-year low of £1.90 a kilogram.

As the woolly backs grazed above, the woolly minds in parliament below debated the industry, accompanied by the click of democrat senator Cheryl Kernox's needles as she knitted a bright yellow jumper. There was also a wool auction which raised an average price of £2.55 a kilo.

Even so, further trouble looms. Australia's sheep-shearers are protesting about an influx of shearers from New Zealand, accusing them of undercutting.

FINANCIAL TIMES
Friday April 3 1992

Major rules out post-election pact with Liberal Democrats

Labour open to deal on new UK voting system

By Ralph Atkins and Alison Smith in London

BRITAIN'S opposition Labour party yesterday signalled a willingness to strike an accord with other parties on electoral reform as the ruling Conservatives' Mr John Major closed off a possible deal with the Liberal Democrats to save his prime ministership.

As the prospect loomed of a hung parliament after next Thursday's general election, Mr Major said Liberal Democrats' calls for reform to the UK's first-past-the-post voting system would damage the country. "There are no circumstances in which I would introduce proportional representation," he said.

However, Mr Neil Kinnock, the Labour leader, shifted in the opposite direction, with a pledge to open membership of the party's inquiry on electoral reform to other parties.

Senior party officials denied it was a deliberate response to the Liberal Democrats' surge in opinion polls, describing the move as part of a pre-agreed strategy to broaden Labour's appeal.

Senior colleagues of Mr Kinnock, however, indicated that in the event of a hung parliament, the stance Labour was formulating on constitutional reform – including its pledge on devolution of power to a Scottish assembly – might be enough to split off some Liberal Democrat MPs.

Labour remains publicly confident of winning an overall majority and sought yesterday to appear indifferent to opinion polls showing the Liberal Democrats pushing its support below 40 per cent.

Mr Kinnock refused to make clear his own views on proportional representation, to the annoyance of Liberal Democrats who suspect he is only seeking to delay committing his party. Liberal Democrat strategists, however, are delighted to have set constitutional reform on the election agenda.

Mr Paddy Ashdown, Liberal Democrat leader, said Mr Kinnock was "wobbling on the fence". Mr Ashdown's principal condition for working with another party in government is a commitment to legislation on proportional representation in the first legislative programme of the new parliament.

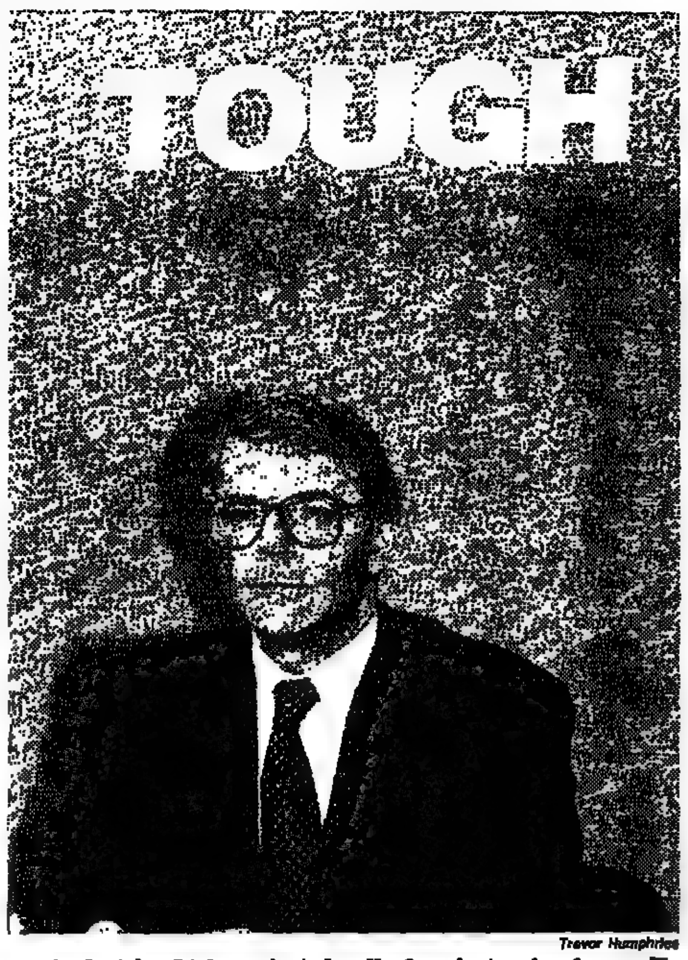
Mr Ashdown believes the system of proportional representation could then be decided swiftly in time for legislation to be passed within a year, followed by a referendum before enactment.

However, Mr Major said yesterday proportional representation was being rejected by political leaders in other countries. "Some countries would like to get rid of it. . . They cannot get governments, with clear majorities, to take difficult decisions".

He added: "You are in a perpetual state of campaigning, backstairs deals and trying to cobble together deals for individual policies. That is no way to run this country at all."

Mr Kinnock, meanwhile, told journalists he wanted a broad consensus for Labour's programme. The party was seeking the "biggest possible additional majority that it can get in the House of Commons in addition to the majority given to it by the electorate".

With the Conservatives confident that economic competence remains one of their strongest cards, Mr Major warned that Labour would prevent a recovery that he insisted had begun. He said there was "clear anecdotal evidence, clear survey evidence", that it had started.



Trevor Humphries

No deal: John Major rejected calls for electoral reforms. He was at a Tory press conference headlined Tough on Crime

Election 1992, Pages 6-8
Computers in politics, Page 12
Editorial Comment, Page 14
On the final lap, Page 15

Tokyo market fall alarms politicians

By Steven Butler in Tokyo

Companies face legacy of the bull market..........Page 17
World stocks........ Back Page, Second Section

MR Kiichi Miyazawa, Japan's prime minister, yesterday met leaders of the securities industry in an attempt to bolster confidence as share prices slid to another five-year low.

The unusual meeting was the latest sign of rising alarm among politicians over a persistent decline in the stock market. Mr Miyazawa warned that recovery of Japan's rapidly slowing economy could be jeopardised unless the market rallies.

The meeting amounts to a recognition that neither the government's emergency economic package announced on Tuesday nor Wednesday's cut in the official discount rate have yet had their desired effect of restoring business confidence.

Mr Miyazawa nonetheless had nothing to offer the markets beyond suggestions that the securities industry make greater efforts to restore investor confidence. The meeting is likely only to reinforce investor fears that the government is not prepared to take concrete measures to support the market.

The Nikkei average of 225 leading shares on the Tokyo Stock Exchange plunged to nearly 18,000 before partially recovering to close at 18,286.03, off 295.76 on the day. The market continued to slide in spite of Wednesday's three-quarter point cut in the official discount rate to 3.75 per cent and the package of emergency economic measures announced by the government on Tuesday.

Pessimism spilled into other markets as well, with both the yen and government bonds falling sharply.

Mr Miyazawa met Mr Shogo Watanabe, chairman of the Japan Securities Dealers Association, and Mr Minoru Nagaoka, president of the Tokyo Stock Exchange.

Elsewhere Mr Tamisuke Watanuki, secretary-general of the ruling Liberal Democratic party, and other LDP leaders said the party was preparing legislation that would help boost the market by allowing companies to purchase their own shares.

East German privatisations jeopardised by falling orders

By Leslie Colitt in Berlin

SOME west German companies are spreading rumours of the imminent collapse of their east German competitors to prevent them getting orders, Mrs Birgit Breuel, the Treuhand president, said yesterday.

She said that east German companies still controlled by the Treuhand agency had suffered a steep fall in orders from both east and west which would make the privatisation programme more difficult.

"The orders situation is unsatisfactory and rumours are being planted that our companies will not survive," she complained.

"We emphasise that they [the Treuhand companies] will either be privatised, restructured or, only if absolutely necessary, closed down," she said.

Of the 5,100 remaining unsold Treuhand companies, 70 per cent were capable of being restructured, a process that will receive greater emphasis than in the past.

"We will actively take part in restructuring and provide organisational, managerial and financial help," she said. The Treuhand has been criticised for providing its companies with ample loans to maintain liquidity, but little in the way of restructuring funds.

Mrs Breuel said this week's agreed western aid package for the former Soviet Union would benefit east German companies which relied heavily on exports to the east.

But a Treuhand official remarked privately that even an improving export market and extensive restructuring would not help save "white elephants" such as large engineering and machinery companies.

Leading German business federations have urged the Treuhand to wind up its activities by the end of 1994, but Mrs Breuel said there was no way of knowing when the Treuhand would complete its work.

Mr Manfred Kolbe, an east German member of the Bundestag from Saxony who belongs to Chancellor Helmut Kohl's Christian Democrats, said that closing down the Treuhand by 1994 would only lead to the "further destruction" of east German industry.

He claimed the hasty privatisation of the Treuhand's companies had cost the taxpayer "billions" because the agency was under pressure to achieve results and could not negotiate sensibly.

Libyan protesters

Continued from Page 1

ing British interests in Libya.

More than 1m foreigners live and work in Libya, including 10,000 Europeans. Britain and the US have advised their nationals to leave Libya before the imposition of sanctions.

Diplomats in Tripoli said late yesterday that demonstrations appeared to have subsided.

Jana said Colonel Muammer Gadaffi had urged restraint among Libyans. Col Gadaffi had asked the "masses" to recognise the need for "preserving the security of foreign embassies". Meanwhile, Col Gadaffi was quoted as threatening to expropriate foreign assets in retaliation at UN sanctions. He told L'Europeo, an Italian news magazine: "The countries that have got satisfaction out of provoking us will find themselves quickly expropriated of many billions."

Yeltsin shifts finance minister to placate critics

Continued from Page 1

the programme", adding that it suggested a lessening in the intensity of the programme.

Another expert pointed out that the IMF resources would remain tied to rigorous conditions, whatever government took over.

Mr Gaidar said Mr Yeltsin would remain as head of the cabinet in a more extensive reshuffle which could be announced in advance of a session of the Russian Congress of Peoples deputies which is likely to be hostile to the government.

Mr Gaidar would not, however, confirm that Mr Gennady Burbulis, his fellow first deputy prime minister, would retain his post. Mr Burbulis, a close confidante of Mr Yeltsin, is deeply unpopular with the Russian deputies.

On the urgent issue of the survival of the government and its reform programme, Mr Gaidar said "we will survive" the Congress of Peoples Deputies. He conceded, however, that he expected fierce criticism from every quarter.

In a clear sign that the government had been forced to soften its stance by the storm of protests, he said credits of around Rbs100bn would be extended to deeply indebted enterprises that were warning of closures and soaring unemployment.

"The easy thing to do would have been to drastically loosen our monetary policy. We are not going to do that, but we will have to ease it a little.

"We will certainly not accommodate all of their [the enterprises'] demands."

The softening in credit policy and the shuffling of the ministers together point to a deal between Mr Yeltsin and the leading critics in the Russian parliament.

Mr Gaidar said he no longer held to the goal of balancing the Russian budget by the end of the year. But he believed he could keep the deficit within 5 per cent of GDP.

Earlier in the day, Mr Ruslan Khasbulatov, the powerful parliamentary speaker, said the government's goal of balancing the budget this year was unrealistic and would do tremendous damage to the economy.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	C	8	46	Frankfurt	C	11	52	Madrid	C	13	55	Nicosia	S	19	66	Tenerife	S	21	70
				Brussels	F	8	46	Geneva	R	7	45	Majorca	S	20	68	Oporto	R	13	55	Tokyo	C	22	72
				Budapest	F	11	52	Gibraltar	F	16	61	Malaga	C	16	61	Oslo	Sn	-1	30	Toronto †	S	-3	27
Ajaccio	F	15	59	B. Aires	F	26	79	Glasgow	C	6	43	Malta	S	16	61	Prague	F	11	52	Tunis	S	20	68
Algiers	S	21	70	Cairo	S	25	77	Helsinki	Sn	1	34	Manila	F	35	95	Reykjavik	F	5	41	Valencia	C	19	66
Amsterdam	C	9	48	Cape Town	S	27	81	Hong Kong	F	20	68	Melbourne	S	20	68	Rhodes	S	17	63	Venice	F	12	54
Athens	S	20	68	Caracas	C	30	86	Innsbruck	F	16	60	Mexico City	C	23	73	Rio d'Janeiro	C	31	88	Vienna	F	13	55
Bahrain	S	21	70	Casablanca †	C	19	66	Inverness	C	5	41	Miami †	C	19	66	Rome	C	11	52	Warsaw	F	11	52
Bangkok	F	35	95	Chicago †	C	-4	25	Islamabad	F	27	81	Milan	F	12	54	Salzburg	C	9	48	Washington †	F	3	37
Barcelona	F	18	64	Cologne	C	9	48	Istanbul	S	19	66	Montreal †	S	-1	30	S'Francisco †	S	12	54	Zurich	S	10	50
Beijing	S	23	73	Copenhagen	F	9	48	Jakarta	R	32	90	Moscow	F	7	45	Seoul	S	17	63				
Beirut	S	19	66	Corfu	F	15	59	Johannesburg	S	27	81	Munich	C	10	50	Singapore	F	32	90				
Belfast	F	5	41	Dallas †	C	5	41	Lima	F	28	82	Nairobi		—	—	Stockholm	C	3	37				
Belgrade	C	14	57	Dublin	R	3	37	Lisbon	R	15	59	Naples	C	14	57	Strasbourg	F	11	52				
Berlin	F	12	54	Dubrovnik		—	—	London	F	8	46	Nassau	C	30	86	Sydney	C	23	73				
Biarritz	F	13	55	Edinburgh	C	5	41	Los Angeles †	S	13	55	New Delhi		—	—	Taipei	R	20	68				
Bombay	S	30	86	Faro	C	15	59	Luxembourg	C	5	41	New York †	S	4	39	Tangier	C	16	61				
Bordeaux	C	13	55	Florence	R	11	52	Madeira	R	17	63	Nice	F	14	57	Tel Aviv	S	22	72				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

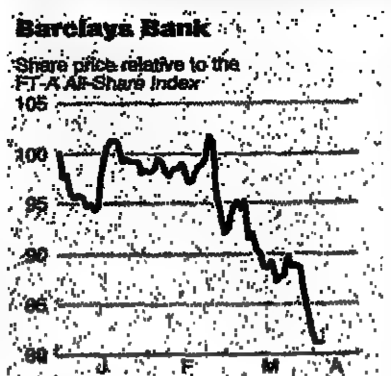
The risk of Sun burn

The only way Sun Alliance could face a real challenge for last year's booby prize in the insurance sector would be if its accounting methods were also used by Eagle Star. As it is, Sun's £466m pre-tax loss was almost £100m higher than the dreadful Royal result, and starkly underlines the company's rapid and humiliating fall from grace. Sun might have seemed overcapitalised in the mid 1980s when its solvency margin (net worth as a percentage of premiums) touched 120 per cent; with last year's figure including minority interests down to 69 per cent – and likely to slip as low as 50 per cent by end-1992 – it is perhaps just as well that there was so much balance sheet fat to burn.

The case for buying the shares lies in the perception that Sun Alliance can at least maintain its dividend this year and generate real increases through the mid 1990s. That requires a lot of faith. All UK composites are dogged by uncertainty, and it is worth remembering that this time a year ago many in the City thought Sun capable of making profits of £50m in 1991. There are encouraging signs, to be sure, that, like its competitors, the company is prepared to shed unprofitable household and motor business. But the ill-fated mortgage guarantee book is sensitive to rises in UK unemployment, and subsidence losses remain higher than elsewhere.

There is also room to ponder the group's relatively big exposure to commercial property and equities (a large part of which is represented by substantial stakes in Commercial Union and Chubb of the US, both poor stock market performers this year). Investors would be wise to stay clear of composites until well past the election; even then a 7.6 per cent yield may not be sufficient enticement to buy the Sun.

FT-SE Index: 2405.4 (-3.2)



UK banks

Sir John Quinton must think it unfair that Barclays' share price has been a singular victim of current property and construction worries. His bank has only 148 per cent of its equity tied up in lending to property and construction companies. Lloyds quietly let slip in its annual report that its exposure is even higher at 165 per cent.

Of the four top clearers, only National Westminster has lent less than its total equity. Having taken fright after earlier excess in the 1970s, it restrained itself to a mere 87 per cent. So, it only risks being almost wiped out.

The banks would doubtless respond that the ratios overstate the danger. Much of their property lending is perfectly sound and their BIS capital ratios are strong. True, but they also have a large hidden exposure to property through security on other lending. Nor do high real interest rates and excess supply offer any grounds to expect an interruption to the 30 per cent fall in commercial property prices since the peak in 1989. Having just about sorted out developing country debts, the banks now face years of work on property loans. Recovery hopes will be dented by further provisions while interest margins will be squeezed by non-performing loans.

Barclays will be badly hit because its property and construction lending has grown particularly fast in relation to its UK loan book since 1988, the year Sir John launched a controversial rights issue to embark on an ill-advised dash for growth. Barclays has also been slower to make provisions. Still, there is no reason for Midland to smirk. Its exposure is 119 per cent of equity. The Hongkong Bank must be scrutinising that ratio as it decides how much to offer.

Fisons

It was always likely that Fisons would choose an insider as its new chief executive. Much less obvious was why elevating Mr Cedric Scroggs would reassure investors that the group was on the mend, but in the event he has made an encouraging start. There is no denying the fine growth of Fisons' scientific instruments division under Mr Scroggs' leadership. Effecting a shake-up of the pharmaceuticals division will be a far tougher challenge. It is not just a question of his lack of experience in the technical world of drug marketing. There is also the immediate issue of restoring Fisons' reputation in the US.

Mr Scroggs acknowledges that Fisons made mistakes in its relations with the Food and Drug Administration. The forthcoming FDA inspection of its Opticrom plant is an early opportunity to show investors that such errors can be put right. More generally, a strategy of focusing on defined areas such as respiratory drugs suggests a new realism about Fisons' size in the pharmaceuticals market. Other drugs will be developed by joint-marketing deals, raising the hope that partners will improve the performance of the division as a whole. It is too early to conclude that Fisons' management can change its spots, but at least Mr Scroggs has declared his intent.

Redland

Redland's successful Steetley bid looks shrewder by the day, yesterday's 17p jump in the shares owing more to growing market appreciation of the bargain price it paid than to largely anticipated 1991 results. Early indications are that the forecast merger benefits should be comfortably achieved, and that, thanks in part to the happy coincidence that Steetley's loss making first quarter will not be consolidated, significant earnings enhancement is possible. The combination of a generous 7 per cent yield and the overseas earnings makes it an ideal political hedge in the sector, though whether investors want to be there at all at the moment is another matter.

Do It All

There is something unsettling about the £24m capital injection by W H Smith into its Do It All joint venture with Boots. Technically the amount represents the value of the preference dividend Smith would have owed Boots had there been any profits from which to pay it. The restructuring simply cancels that obligation and creates parity between the partners. Yet one implication is Do It All is suffering in the battle with B&Q and Texas. Given the extent to which larger rivals are already competing on price, it may have a tough time lasting the course of its ambitious three-year plan for new stores.

FINANCIAL TIMES

COMPANIES & MARKETS

Friday April 3 1992

INSIDE

Deutsche Bank plans stricter rules

Deutsche Bank, Germany's largest bank, is to be the first of the country's big banks to introduce an Anglo-Saxon-style compliance regime. It will introduce strict rules to prevent the misuse of sensitive financial information. The bank reported a 16.5 per cent increase in operating profits to DM5.97bn ($3.61bn) last year. Page 18

Tough at the top

BMW is the German car company that turns other manufacturers green with envy. Its cars are popular, and sales and profits keep on rising. But it will have to use its financial and innovative strength with increasing agility to keep matching the competition: Germany's labour costs are some of the highest in the world and wage claims this year have approached 10 per cent. Page 20

Chinese shares queue

Since China allowed foreigners to own shares in Chinese companies, investors from Europe, North America and elsewhere have been rushing for a slice of the action. And Chinese companies have been queuing to have their stock listed. Page 19

Downhill for Skis Rossignol

Skis Rossignol, the leading French producer of skis, tennis and golf equipment, estimated yesterday that it made a FFr35m to FFr40m ($7.1m) loss in the year to the end of March, but predicted sunnier times ahead. However, it marks a partial recovery from last year's record FFr140.8m loss, the effect of several years of poor snow and the recession in winter sports generally. Page 18

Ruling on La Cinq's survival

La Cinq, the troubled television station, will today discover whether it is to become the first national French TV channel to go off the air. Mr Michel Rouger, president of the commercial court in Paris, has been analysing the financial situation at La Cinq, which filed for bankruptcy at the beginning of this year. Page 19

William Baird falls to £25.1m

Recession in clothing and engineering pushed William Baird's profits down 25.7 per cent to £25.1m ($43.3m) for the year to end-December. Page 22

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch Rnc	920	+	18
BMW (Br)	583	+	10.5
Heidelb Zem	975	+	25
IKB Deutsche	273	+	7
Kali & Salz	143.8	+	7.1
Leifheit	523	+	9
Falls			
Asko	895	−	15

NEW YORK ($)

Rises			
Compusa	31¼	+	1
CUC Intl	34⅝	+	1⅝
Ford Motor	38⅞	+	¾
Goal Systems	18	+	3
Falls			
CMS Energy	16¾	−	5

New York prices at 12:30.

LONDON (Pence)

Rises			
Baldwin	54	+	7
Barry Wehmiller	125	+	18
Beckenham	11½	+	2½
Bluebird Toys	94	+	12
CMB Packaging	1975	+	56
Dawsongroup	85	+	9
Fisons	334	+	8
Hardys & Han.	1488	+	73
London Elect.	231	+	9
Lonrho	79	+	8
MTM	30½	+	4½
Micro Focus	2163	+	43

[illegible]	381¼	−	4½

PARIS (FFr)

Rises			
Fonc Lyonnaise	660	+	20
Finan. C de Aav	3135	+	175
Navigat'n Mixte	1185	+	35
Redoute	5710	+	210
Schneider	684	+	27
Suez (Fin de)	336.9	+	11.4

TOKYO (Yen)

Rises			
[illegible]	596	+	36
Falls			
[illegible]	510	−	73
Kawai Musical	354	−	57
Nitto Seimo	570	−	81
[illegible]	340	−	51
Tamura Elec Wk	1250	−	270

[illegible]	457	+	17
Falls			
Assoc. Fish.	106	−	8
[illegible]	523	−	14
[illegible]	701	−	26
ICI	1224	−	[illegible]
Lightship	56	−	54
Oliver Group	65	−	4
Prov. Financial	423	−	17
Severn Trent	301	−	9
[illegible]	280	−	17
VSEL	270	−	30

Gerald Ronson

Heron loses £400m in property assets

By Robert Peston in London

HERON International, Mr Gerald Ronson's worldwide property group, will today tell a crisis meeting of its banks the slump in the UK property market has wiped more than £400m ($688m) from the value of its net assets.

The seriousness of the group's financial difficulties will be brought home to banks and holders of Heron's bonds when they are asked to defer principal repayments on debt to the late 1990's. Heron, which owes £450m on bonds and a further £850m in bank borrowings, will also ask for some interest to be deferred. It will stress that it still has more than £100m cash. But the collapse in the UK property market has reduced its capacity to generate cash to pay interest and capital.

It hopes to be able to repay everything in full, but not on the original schedule, which required substantial principal payments over the next few years. Heron will ask banks and bondholders to defer these to the late 1990s.

More than 80 banks will attend a meeting today when they will be told that Heron's net assets at the end of March 1992 were worth an estimated £150m, compared with £585m a year earlier. As a result, the group will lose its status as one of the UK's biggest private companies. The latest net asset figure has not been audited but is the group's estimate.

Because of the collapse in the net asset figure, Heron expects to be in breach of covenants on its bank loans. One of the covenants is that Heron's assets should be worth more than £350m.

So Heron is being forced to renegotiate the terms of its loans. It has told its principal banks, led by Barclays of the UK, of its restructuring plans, though smaller bank lenders are likely to be surprised by the proposals.

However, the company is most nervous about the reaction of bondholders. Heron has 11 bonds in issue. Companies in financial difficulties often struggle to persuade bondholders to support restructuring plans.

Heron believes the new terms offered to banks and bondholders will provide them with a return on their loans equivalent to what they would have earned, even though the repayments are being delayed.

But it is not offering any incentives to lenders to persuade them to back the plan in the form of increased interest rates or promises of equity in the business.

Background, Page 18

Sweden agrees Första rescue

By Sara Webb in Stockholm

THE SWEDISH government has announced a new SKr7.3bn ($1.2bn) rescue package for Första Sparbanken, the troubled savings bank hit by heavy credit losses in the property and construction sector last year.

Bankers and Finance Ministry officials have spent the past week in meetings working out a way of saving Första after the bank announced that its credit losses for 1991 were bigger than originally projected.

Credit losses reached SKr5.7bn instead of the SKr4.5bn which the bank had forecast in October, and Första reported a SKr5.49bn operating loss for the year.

Första's troubles have been complicated by the fact that it is one of the 11 regional savings banks which planned to form a single large savings bank group this year with the intention of seeking a stock market listing in 1993.

Complications arose because Första received an emergency SKr3.8 bn loan from Sparbanksgruppen, the savings bank group which will help form the new banking group. The loan was guaranteed by the government.

According to banking regulations, Första could not join the new savings bank group while still keeping the loan from another part of the new group. However, yesterday's package resolved Första problems by proposing the following arrangements:

● The parts of Första's loan portfolio expected to cause major losses will be put into a separate subsidiary of Första and Sparbanken Sverige (the name of the new savings bank group which is being created). The subsidiary will try to dispose of the loan portfolio.

● The government has agreed to lend SKr3.8bn to Första's owner, a foundation, which will transfer the loan to Första. The funds can later be used to pay back Sparbankgruppen's original SKr3.8bn loan.

The government loan is interest-free until the end of 1995, and thereafter carries an interest rate of 4 per cent.

● The 11 savings banks foundations which own Sparbankgruppen will raise up to SKr3.5 bn in the market.

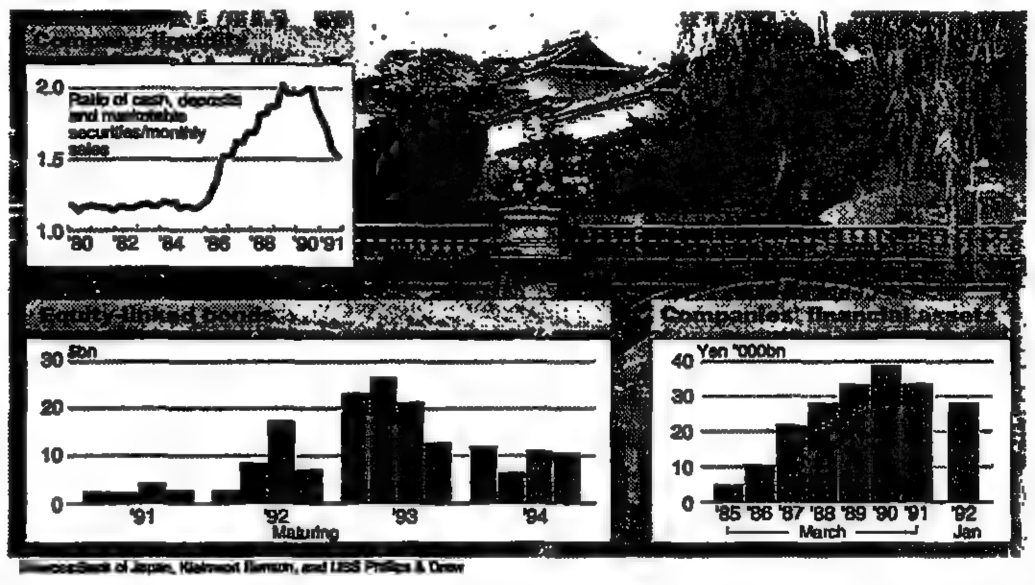
The borrowing will be guaranteed by the government and can take the form of a bond or loan, either in the domestic or international markets.

Första will receive this as an injection of shareholders' capital. The loan matures at the end of 1997.

The package of measures means that Första will be able to join in the formation of the new savings bank group as originally intended.

Japanese companies face a legacy of the bull market

Simon London looks at the consequences of refinancing $160bn in warrant and convertible bonds which mature within three years



Sources: Bank of Japan, Kleinwort Benson, and UBS Phillips & Drew

THE protracted weakness of the Tokyo stock market, highlighted by the plunge of the Nikkei index below 18,300 yesterday, means that Japanese companies will have to refinance vast sums of equity-linked debt raised in the late 1980s.

The scale of redemptions is immense: $36bn warrant and convertible bonds issued by Japanese companies mature this year, $83.9bn in 1993 and $40.3bn in 1994.

The bonds were issued at the height of the bull market in Japanese equities. Investors were prepared to accept very low interest payments because the bonds were linked to rising share prices.

However, with the Nikkei index at around 18,000 almost all outstanding warrant and convertible bonds are "under water" – the exercise price is above the current share price. Unless share prices stage a dramatic recovery, few of the warrants to buy new shares will be exercised and few convertible bonds will be converted into equity. Instead, the debt will have to be repaid.

One option is for companies to issue equity-linked bonds, priced to reflect lower share prices. International appetite for warrant or convertible bonds is tied to the fortunes of the equity market, which shows no signs of recovery. Without a sustained recovery in share prices, even matching the $26bn equity-linked finance raised last year will be difficult.

Moreover, the Japanese authorities are backing moves designed to stimulate the stock market which will block many companies from issuing new convertible or warrant bonds. The Japan Securities Dealers Association recently issued a guideline which prevents companies which pay out less than 30 per cent of profits in dividends from raising equity-linked finance. This will force many Japanese companies either to raise dividends or forgo equity-linked funding.

Where new warrant and convertible bond issues cannot be made, companies will have to rely on straight debt, raised either from banks or the international bond market.

The ability of Japanese banks to lend is also linked to the stock market: falling share prices erode unrealised gains on banks' large securities portfolios, which count as capital. As share prices fall, the capital resources of banks deteriorates and their incremental capacity to lend is reduced.

With the Nikkei index below 20,000, many Japanese banks are close to the 8 per cent capital-to-assets ratio demanded by the Basle Accord, which comes into full effect next year.

The bond market may be a more reliable source of debt finance, although the threat of a large number of new issues could depress bond prices in Japan and internationally.

There are already signs of this. Mr Richard Grey, bond analyst at UBS Phillips & Drew in London, said: "The decision to lift restrictions on corporate bond issuance this week was a major factor behind the weakness of the Japanese government bond market. Investors see the threat of a large supply of corporate bonds."

Against this background, bankers see the need for Japanese companies to tap less obvious sources of capital, such as private placements of "structured" debt securities with institutional investors.

However, while corporate financiers see refinancing of equity-linked debt as a potentially huge source of fee income, economists suggest some companies may not need new finance.

Industrial companies such as TDK and Mitsubishi Corporation have said maturing warrant and convertible bond issues will not be refinanced. Redemption payments will be met from operating cash flow and sales of financial assets.

Mr Peter Norton, head of research at Baring Securities in Tokyo, said corporate liquidity in Japan remains abnormally high in spite of the economic slowdown. "Many of the factors which will depress reported profits this year are non-cash charges such as depreciation and investment revaluations," he said.

In addition, many Japanese companies still have hoards of financial assets – equities, bonds and money-market instruments – built up during the late 1980s.

Most of these assets are held in *tokkin* funds, trusts which allow Japanese companies to account separately for investments and convert the capital gain from rising share prices into a cash dividend. By the end of 1989, *tokkin* funds held Y38,000bn ($282.9bn) assets, about 40 per cent in equities.

This figure has been eroded and now stands at around Y28,000bn. Assets have been sold to raise cash for investment or to repay maturing debt. Further liquidations are expected this year, including Y6,000bn of domestic equities. Selling of equity investments by *tokkin* funds was a factor behind the falling share prices in March. More selling could depress equity prices, making it more difficult for companies without *tokkin* assets to raise equity-linked finance and more difficult for Japanese banks to lend.

Moreover, as the Japanese economy moves into recession, corporate cash flow will be squeezed. It also remains to be seen how many companies can afford to liquidate financial assets – and crystallise paper losses – to repay debt.

In addition, it is clear that the cost of capital for Japanese companies has risen sharply. This could have negative implications for the stock market in the longer term.

"The cost structure of business corporations will be fundamentally changed by higher interest expenses," said Mr Yuichi Kohashi, deputy general manager of the investment advisory department at Daiwa Securities in Tokyo. "If this leads to a slower recovery in earnings, it will have a direct impact on the level of the stock market."

O&Y to seek debt repayment suspension

By Robert Peston in London

OLYMPIA & YORK is expected to ask its banks for a formal suspension of repayments on its debt, which exceeds $20bn, to provide time for an agreement to be reached on a permanent reorganisation of borrowings.

However, O&Y has been forced to postpone a meeting of all its banks which had been scheduled for Toronto on Monday.

The task of condensing information on all its borrowings, provided by more than 100 banks, proved too great in the time. So O&Y now hopes to hold the meeting on April 13.

Last week, O&Y was given an informal promise by 20 banks with the biggest loans to it that they would suspend debt repayments in advance of a meeting of all the banks.

A complete reorganisation of O&Y's debt is expected to take two years. O&Y hopes its banks will suspend principal repayments until the reorganisation is completed. A steering committee of O&Y's banks is being led by Citicorp of the US, Canadian Imperial Bank of Commerce and the Hongkong and Shanghai Banking Corporation.

One item on the agenda at the full bank meeting is likely to be a request for funds to allow construction work to continue at the Canary Wharf office development in London's docklands. Included in this is £400m ($692m) as its share of the construction costs of the Jubilee line underground railway from docklands to central London.

O&Y also needs an agreement to defer repayment on a C$450m ($378m) loan to finance construction of the Scotia Plaza in Toronto.

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Sun Alliance loss increases on mortgage indemnity claims

By Richard Lapper in London

SUN ALLIANCE, the largest and financially strongest UK general insurer, sank deeper into the red yesterday posting pre-tax losses for 1991 of £466.2m ($805m) and completing a gloomy reporting round for the UK's insurance sector.

All leading UK composite groups have reported increased pre-tax losses over the past six weeks and, like its competitors, Sun Alliance has been hit by the UK recession, the depressed housing market and a rise in crime leading to increased claims.

The pre-tax loss was at the bottom end of expectations and compared with a deficit of £180.9m in 1990, when results were adversely affected by heavy storm damage in January. The loss further eroded Sun Alliance's financial strength reducing its net assets to £1.68bn, against £2.08bn the previous year.

The group's solvency margin, which measures net assets as a percentage of non-life premium income, dropped to 63 per cent at the end of 1991 compared with 88 per cent last year.

Losses were concentrated in the domestic mortgage indemnity and household account, an area which until recently was considered low risk by insurers.

Losses on domestic mortgage indemnity, which arise when mortgage lenders are unable to recoup the full value of outstanding loans on sales of repossessed property, amounted to £320m and accounted for more than half UK underwriting losses of £491m, compared with losses of £267m last year. The average cost of domestic mortgage indemnity claims was £15,000.

Subsidence claims were £117m, up from £146m, and theft dogged the household contents and private motor accounts. Motor losses amounted to £72.4m, up from £50m, in spite of rate increases of 25 per cent during the year.

The group announced a maintained final dividend, giving a total for the year of 14.25p, an increase of 1.8 per cent.

Mr Scott Nelson, general manager, said: "In the light of this phenomenal loss it was inconceivable to think of increasing [but] we will seek to re-establish real growth in the dividend as soon as we can."

The markets initially marked the share up 2p before it fell back to close unchanged at 250p.

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Deutsche Bank plans stricter rules

By David Waller in Frankfurt

DEUTSCHE BANK, the largest bank in Germany, is to be the first of the country's big banks to introduce an Anglo-Saxon-style compliance regime. The plan is to introduce strict rules designed to prevent the misuse of sensitive financial information.

Speaking yesterday as the bank reported a 16.5 per cent increase in operating profits to DM5.97bn ($3.61bn) last year, Mr Hilmar Kopper, chief executive, exhorted rival German banks to follow suit. He said this would help strengthen Frankfurt as a financial centre.

The new regime will introduce formal Chinese walls between bank departments and will introduce a "restricted list" of shares, designed "to impose rigorous limitations on own-account trading", both for the bank acting on its own account and for employees' personal deals.

There will also be a "watch list" for situations when the bank has access to market-sensitive information not available to the public.

It will be modelled on best practice at Anglo-American securities houses, in particular on Morgan Grenfell, Deutsche's UK merchant banking subsidiary, and is to be policed by a new 55-strong compliance department headed by a senior bank executive.

The move comes nearly three months after the Bonn government announced plans to set-up a central regulatory body for the German securities industry and to introduce tough penalties against insider dealing, which is still not illegal in Germany.

Last year, Frankfurt was plagued with a succession of scandals which, bankers fear, has made international investors wary of dealing via German securities firms.

Buoyed by strong demand for credit in both the east and west of Germany, interest income roes 17 per cent to DM10.62bn last year.

Hilmar Kopper: exhorted rivals to follow suit

As previously announced, the bank is planning to raise its 1991 dividend, by DM1 to DM15 per share, although Mr Kopper said this was no reason for the bank to yield to bank unions' demands for a pay award of 10.5 per cent and shorter working hours.

Mr Kopper said the group's balance sheet was so healthy – following growth of DM49bn to DM449bn this year – that there would be no need to raise equity capital this year, although the bank may take the opportunity to raise secondary capital via an issue of profit-participating certificates.

Mr Kopper said the bank's uninsured exposure to the former Soviet Union stood at under DM1bn, while the amount not covered by provisions was less than DM100m.

The cover ratio for the group's problem loans to 60 countries stands at 84 per cent. Group commission income last year rose by 5.4 per cent to DM3.77bn. The strongest contribution to profits on own-account trading came from fixed income business.

Hugo Boss approaches Adidas head for top post

By Andrew Fisher in Frankfurt

MR René Jäggi, the Swiss-born judo expert who intends to step down as head of the Adidas sports shoe and clothing group at the end of this year, has been approached by Hugo Boss, the mens' fashion company, about becoming its chief executive.

A decision by the supervisory board of Boss, of which the Marzotto group of Italy acquired majority control from the privately-owned Leyton House company of Japan late last year, is expected in a few weeks. Other candidates have also been approached.

When announcing his decision to leave German-based Adidas – controlled by Mr Bernard Tapie, the French financier – the extrovert Mr Jäggi, 43, whose background is in marketing, cited personal reasons.

Adidas is now making increased profits after several years of difficulty caused mainly by tougher competition in the US from Nike and Reebok.

Mr Jäggi, who is Swiss, has held talks with Mr Joachim Semmler, who chairs the supervisory board of Boss.

The company is run by brothers Uwe and Jochen Holy, who have contracts until 1994 but have said they would leave earlier if necessary.

Since no successor has yet been found at Adidas, Mr Jäggi is unlikely to take up any job at Boss until the year is out.

La Cinq judgment today may black out channel

By Alice Rawsthorn in Paris

LA CINQ, the troubled television station, will today discover whether it is to become the first national French TV channel to go off the air.

Mr Michel Rouger, president of the commercial court in Paris, has spent the past two months analysing the financial situation at La Cinq, which filed for bankruptcy at the beginning of this year.

He is expected today to deliver his judgment on whether it can continue broadcasting or should close.

Until last week it looked as though Mr Silvio Berlusconi, the controversial Italian businessman, might have rescued La Cinq. Fininvest, one of the Berlusconi companies, had tabled a FFr1.5bn restructuring package intended to keep the channel afloat.

Mr Berlusconi, a founding investor in La Cinq and still one of the largest shareholders, alongside Hachette, the French media group, with a 25 per cent stake, had hoped to persuade other investors to participate in the scheme. However, he failed to attract enough support for his proposals and announced his withdrawal on Tuesday last week.

Fininvest has since held further talks with other interested parties, including the Union des Annonceurs, the body that represents France's advertisers, in the hope of putting together a last-minute package. Last night, they appeared to have come to nothing.

In the meantime, other companies have been putting together plans for stations to broadcast on La Cinq's frequency. TF1, M6 and Canal Plus, three other French TV stations, have been working on a project for a French language version of CNN, the news channel.

There have also been reports that the French government favours relaying Arte, a cultural channel, in La Cinq's place.

As La Cinq's 600 staff wait to hear their fate, the company's shareholders are counting the cost of its problems.

Earlier this week, Hachette disclosed that it envisaged making a provision of FFr1.8bn for its losses on La Cinq, which will take such a toll on its balance sheet that it has been forced to ask its banks for an injection of capital in a formal financial restructuring.

Scroggs moves up in Fisons board shuffle

By Paul Abrahams

FISONS, the troubled UK pharmaceuticals group, yesterday shuffled its board. Mr Cedric Scroggs, presently chairman of the scientific equipment division, has been appointed chief executive of the company and chairman of the pharmaceutical division.

The move fills the gap left by the resignation of Mr John Kerridge, who retired as chief executive last year. The company said Mr Peter Fothergill, pharmaceutical chairman, had also resigned.

Fisons also announced that FDA officials are due on April 20 to inspect its manufacturing facilities for Opticrom, its hay-fever treatment, which has been withdrawn in the US on the request of the FDA. It has not asked them to inspect the facilities for Imferon which has also been withdrawn. The company has said it may not relaunch the product.

The announcement pleased analysts, although there was some disappointment they had not been able to find an external candidate from the pharmaceutical industry. The stock closed up 8p at 334p.

Mr Scroggs took over the scientific equipment division in 1981 when it had a turnover of £64m ($110.2m) and profits of £2.8m. Last year, the division made £68.4m on sales of £645m. More than 50 per cent of sales are now in the US.

With his appointment as chairman of the pharmaceutical division, deficiencies in communications between the pharmaceuticals management committee and the main board have been reduced to zero, said Mr Scroggs. The various divisions would no longer operate as independent fiefdoms.

Mr Scroggs said it was too early to give details of any new strategic moves. But Mr Patrick Egan, group chairman, said the company was not in negotiations with any other company with a view to merger, nor had it received any offers. He added he had no intention of selling the horticultural business.

Mr Egan said the pharmaceutical division would concentrate on products for respiratory and central nervous system ailments. He said the company had had something of a fetish of not collaborating with other groups.

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Skis Rossignol in FFr35m loss

By William Dawkins in Paris

SKIS ROSSIGNOL, the leading French producer of skis, tennis and golf equipment, estimated yesterday it suffered a FFr35m ($6m) to FFr40m loss in the year to the end of March, but predicted better times ahead.

This is a disappointment after last September's announcement by Mr Laurent Boix-Vives, the chairman, that Rossignol would return to profit in 1991-1992.

However, it marks a partial recovery from last year's record FFr140.8m loss, the effect of several years of poor snow and the recession in winter sports generally.

This is the latest evidence of the start of a recovery for the ski industry, following optimistic forecasts from Salomon, the world's leading maker of bindings and number two in ski-boots.

Mr Boix-Vives, speaking at a conference in Austria, forecast that Rossignol would make a FFr50m profit in the current year to March 1993, helped by the success of its equipment in the winter Olympics, when 18 medal winners used Rossignol skis.

Sales rose by an estimated 10 per cent to FFr1.5bn last year and should reach FFr1.7bn in the current 12 months, he said.

The group managed to sell 1.5m pairs of skis last year, up from 1.45m in the previous 12 months, in a stagnant market.

Penser seeks redress on Nobel shareholding

By Sara Webb

MR ERIK PENSER, the Swedish financier and former majority shareholder in Nobel Industries, will formally approach Sweden's centre-right government in an effort to win back his stake in the chemicals group.

Mr Penser was forced to hand over his 70 per cent shareholding in Nobel, a company which he had built up over many years, to state-controlled Nordbanken late last year after the collapse of Gamlestaden, a finance company controlled by Nobel.

His decision follows a recent independent report on the conduct of Swedish banks towards Nobel and Gamlestaden. The report, by Mr Jan Ramberg, a professor of law at Stockholm University, criticised Nordbanken for its conduct in the affair.

In view of the report, Mr Penser said he wanted the government to show some responsibility as a key shareholder in Nordbanken – and indirectly in Nobel Industries – by helping to resolve the matter.

Mr Penser said he would settle his personal debts to the banks – just over SKr3bn ($501.9m) – in exchange for his 70 per cent shareholding in Nobel.

Although Mr Penser did not have the funds at his disposal, he said several leading international banks had indicated they would lend him the necessary money, providing he had the Nobel shares as collateral.

If Mr Penser does regain control of Nobel, it seems likely he would try to buy the outstanding shares and take the company into private ownership.

He has already started legal proceedings against Nordbanken.

Heineken to sell Spanish breweries

HEINEKEN, Europe's largest brewer, plans a further restructuring of El Aguila, its loss-making Spanish operation, and may take extraordinary charges in 1992 to cover this and other rationalisations, Reuters reports.

The company said it would sell two El Aguila breweries in Zaragoza and Cordoba and focus production on Madrid and Valencia.

Belgian insurer advances 12%

By Andrew Hill in Brussels

GROUPE Royale Belge, the Brussels-based insurer, yesterday announced a 12 per cent increase in its consolidated profit for 1991, but refused to comment on plans to collaborate on insurance products with Banque Bruxelles Lambert (BBL), the Belgian bank in which it owns a stake.

The company, 47 per cent of which is controlled by Union des Assurances de Paris, reported a profit of BFr4.2bn ($123m), against BFr3.8bn in 1990, despite a BFr3.1bn drop in surpluses for the year.

The company said personal insurance business had improved in all sectors after a poor 1990. The directors will propose an increase in the net dividend to BFr140 from BFr130 per share.

Royale Belge and Winterthur of Switzerland – both BBL insurer-shareholders – have been courting the bank about a joint deal in the field of bancassurance, or selling insurance through banks.

BBL announced last month that it was open to collaboration with any of its shareholders, thus dampening speculation that it was about to select a partner.

Mr Jean-Pierre Gérard, Royale Belge's managing director, pointed out yesterday that Royale Belge did most of its bancassurance business with BBL's competitor, Générale de Banque.

● Electrabel, the gas and electricity generator and distributor which is Belgium's largest utility company, reported a BFr22.28bn profit for the year, compared with BFr22.16bn in 1990.

The company is proposing to increase the net dividend to BFr290 per share from BFr279 last time.

S&P lowers ratings on Banque Paribas

STANDARD & Poor's, the US rating agency, has downgraded the long-term debt rating of Banque Paribas, the French commercial bank, to AA minus from AA, AP-DJ reports.

S&P said it had also removed Banque Paribas from its credit-watch surveillance list, where the bank was placed on January 30 with negative implications.

"The actions are based on the two-year deterioration in loan quality of the consolidated Paribas group in the context of a longer term erosion of operating profitability," the agency said.

"The decline is most significant in Banque Paribas and its international banking subsidiaries, which as a group have increased loss provisions fourfold over the past two years."

Almost FFr3bn ($538.5m) in provisions were taken in 1991 by the group's Swiss subsidiary bank, Paribas Suisse, to cover problem commercial real estate loans in Geneva and significant exposures to the troubled Maxwell group, according to S&P.

The agency said it had also downgraded the rating on Banque Paribas' $200m subordinated perpetual debt issue to A from A plus, and removed it from credit watch.

In a related action, the long-term debt ratings of Compagnie Bancaire and Compagnie Bancaire's guaranteed subsidiaries were also lowered to AA minus from AA.

S&P said it also downgraded its certificate of deposit ratings on Banque Paribas and Compagnie Bancaire to AA minus/A 1 plus from AA/A 1 plus.

The agency affirmed the A 1 plus ratings on the commercial paper programmes of Paribas Finance and Paribas Bank of Canada, both guaranteed by Compagnie Financiere de Paribas. Also affirmed was the A 1 plus rating on the CP programmes of Compagnie Bancaire US Finance guaranteed by Compagnie Bancaire.

About $1.2bn of Banque Paribas debt and $8bn of Compagnie Bancaire debt is affected.

The agency added that Crédit du Nord, the Paribas Group's wholly-owned retail subsidiary bank, also made large 1991 loan loss provisions.

Hewlett in $100m equity linked deal

HEWLETT-Packard, the US computer and electronic instruments manufacturer, has issued $100m of equity-linked notes (ELN), becoming the first US company to raise financing via ELNs, a product that made its name last year in the Eurofranc market, writes Patrick Harverson in New York.

Société Générale, the French bank, lead-managed the issue, which has a maturity date of April 25 1995. The notes are linked to Hewlett equity to a gearing of 1.34, with 90 per cent of the investor principal guaranteed on maturity if the stock price drops more than 10 per cent.

Bankers behind the deal said Hewlett favoured the ELN issue because it would not be dilutive of the company's stock. They also said interest in the paper from both European and US institutions had been good, primarily because of the scarcity of Hewlett debt – there are no convertibles or equity warrants, and only a few straight bonds currently in the market.

Foreigners join the queue for Shenzhen flotations

Simon Holberton on why investors are braving the risks on China's fastest growing stock exchange

Last November the streets of Shenzhen City, the capital of the special economic zone to the north of Hong Kong, were busier than usual.

The Shenzhen stock exchange was about to distribute application forms for subscription to 11 company flotations, then planned for 1992. More than 100,000 Chinese investors from all over the country had come to Shenzhen and camped outside the offices of financial institutions in an attempt to get in early.

Since Beijing allowed foreigners to own shares in Chinese companies, investors in Europe, North America and elsewhere have been following the lead of local investors. They may not be camping on the kerbside but they are doing the next best thing, contacting their brokers in Hong Kong and trying to get on the list. Foreign investors are even calling journalists in Hong Kong to find out the details of the latest offerings.

Mutual funds and unit trusts targeted at the Chinese have allocated at least $150m to buy shares in quoted companies on the Shenzhen exchange and Shanghai stock market – a figure equal to the total equity in Chinese stocks so far issued.

Chinese companies, aware of the foreign interest and keen to exploit the tax breaks which they get from having foreign investors, have been queueing up to get their stock listed. A Chinese company located outside one of the country's special economic zones only has to pay 15 per cent tax on profits to the central government if it has foreign shareholders, compared with around 50 per cent if it remains wholly owned by the state.

In Shenzhen, Mr Wang Jian, executive director of the exchange, said he had received applications from 119 companies (both in Shenzhen and throughout China) to have their shares listed. Few realised the amount of paper work entailed in the 35 separate steps they had to take before they could have their company's shares listed, he said.

There are currently seven companies listed on the Shenzhen exchange, with a further five due for listing in the next two months and another 14 due for listing in the second half of this year – quite an acceleration compared with the 11 expected in November.

So far, four have issued "B" shares, which only foreigners can buy. The "B" shares rank equally with "A" shares, which are for domestic investors, but they have to be paid for in US dollars and receive dividends in dollars.

Shanghai, although technically the first stock exchange to reopen in China, has been slow to develop. Eight companies have shares listed on the Shanghai exchange but only one – Shanghai Vacuum – has issued "B" shares to foreigners. Four more are in the queue to issue "B" shares.

The city was recently admonished by Mr Zhu Rongji, China's industry minister and the former mayor of Shanghai, for its slowness in developing the exchange. He criticised local bureaucrats for being short-sighted and urged them to allow more companies to issue stock.

Zhu Rongji (left) and Deng Xiaoping: economic reforms are based on pragmatism and may not be irreversible

Shenzhen has comprehensively stolen the march on Shanghai; its speed of development and the activity on its exchange has made it the market of choice for foreign investors. The four stocks which foreigners can own are trading at premiums to their issue price of between 61 per cent and 96 per cent. In contrast, Shanghai Vacuum, after an initial burst of enthusiasm, is trading at a premium of about 4 per cent.

The attraction of the Shenzhen market is obvious, but the risks of investing in "B" shares are many.

Even though China appears to be on the verge of embracing another round of economic reforms, the country's flirtation with capitalism is anything if not pragmatic. And like share prices – which can fall as well as rise – pragmatism also has a downside.

The country's most senior leader, the 87-year-old Mr Deng Xiaoping, is an ardent supporter of the types of reforms being undertaken in Shenzhen and southern China more generally, but he is also a communist. As he told the Politburo recently, if stock markets in China did not work, then they could be closed down.

The more serious political risk is the possibility of political instability after the death of Mr Deng and the other seven octogenarians who comprise the "revolutionary" cohort of the leadership. The effect on prices could be significant if the leadership transition were to go badly.

The more immediate risks are much more mundane but no less important for the investor. There is no securities law in China; neither is there any corporate law and accounting standards are rudimentary.

Indeed, the whole concept of law, as westerners may understand it, is unknown in China, where what law there is applies to those who are governed, not those who govern. This makes it potentially tricky for the foreign investor because the companies being offered to foreigners are those which are well connected politically.

However, Beijing does have a companies law on the drawing board, and its experts are looking at the whole issue of accounting and adopting international accounting standards. And Chinese companies do realise that to get western capital they have to present information in a way westerners can understand.

Equally positive is that exchange officials in Shenzhen are genuinely concerned that their market operates fairly and transparently. But with all things in China the proof the pudding lies in the eating.

Greece privatises Eleusis shipyards

By Kerin Hope in Athens

GREECE'S state-owned Commercial Bank has agreed to sell Eleusis shipyards, the country's second largest ship repair and construction facility, to a group of London-based Greek shipowners for $60m.

The group, led by Mr Constantine Peratikos, will pay only $12m in cash, but will assume some of the yard's liabilities, estimated to be more than Dr60bn ($307m), according to the bank.

Commercial Bank holds a 63 per cent stake in Eleusis shipyards, with the remainder held by other companies in the bank's holding group and the state-owned Hellenic Industrial Development Bank.

Mr Peratikos, chairman of Pegasus Ocean Services, controls a fleet of 22 vessels, most of which are Greek-registered.

The shipyard sale marks the second major disposal under the government's privatisation programme. It follows the sale last month of Heracles Cement to a joint venture led by Calcestruzzi of Italy, part of the Ferruzzi group, for $124m.

Despite having a strong order book, which included building landing craft for the Greek navy and heavy cranes for Salonica Port Authority in northern Greece, Eleusis shipyards posted operating losses of Dr6.4bn ($32.8m) on turnover of Dr10.8bn in 1990.

However, Commercial Bank wrote off a large proportion of accumulated losses at the end of 1991, with government approval, in preparation for selling the yard.

Greece undertook to sell or close down its four shipyards, all state-owned, by mid-1992 to comply with European Community regulations on ending subsidies to the shipbuilding industry.

Eleusis is the first yard to be sold. Another, Halkis shipyards, has been leased to an Athens-based Greek shipowner, while liquidation procedures are underway at the Neorion and Scaramanga yards.

Brussels reverses view on P&G-Finaf nappy venture

By David Buchan in Brussels

PROCTER & Gamble of the US and Finaf of Italy face further problems in their nappy-making joint ventures in southern Europe after the European Commission yesterday reversed its position that the enterprises would not cause undue concentration in the nappy market.

The two companies modified their plans last autumn at Brussels' behest, after which the Commission said it intended to give its approval to the joint ventures, and invited public comment.

Such invitations usually stir little reaction. But in this case it brought complaints from several governments, as well as from no fewer than 10 of the two companies' competitors in the European nappy market.

Using more up-to-date figures on P&G's recent market share, the Commission has concluded that the joint ventures in Italy, Spain and Portugal would give the two companies more than half the EC nappy market.

The Commission said it was hard to see how Brussels' new concerns could be satisfied without some divestment.

P&G said it was "very ready" to negotiate further with the Commission. However, the company, which makes Pampers, noted that nappies were "a very volatile market". There was very little brand loyalty, it said, because new mothers were moving into the market all the time. "Today's share may be quite different tomorrow," P&G claimed.

After receiving what they thought was final approval from Brussels in January, P&G and Finaf put the final touches to the management of their southern European joint ventures.

The Commission's fresh concerns do not affect other products, such as adult incontinence and female hygiene products.

Engen expects to benefit from S Africa referendum

By Philip Gawith in Johannesburg

ENGEN, the integrated energy arm of Gencor of South Africa, outperformed market expectations to record a 21 per cent increase in earnings per share in the six months to the end of February.

Although turnover was only 4 per cent higher at R3.23bn ($1.12bn), operating income was 15.2 per cent higher at R190m.

Net income rose by a spectacular 68.9 per cent, to R206m, due to an enormous leap in finance income – from R5m in 1991 to R67m in 1992 – which reflected the interest receipts on the proceeds of last year's R1.1bn rights issue.

Mr Rob Angel, chief executive, said the recent affirmative vote in the referendum on South Africa's political future would bring very valuable benefits to the group. He predicted the vote would lead to an early abolition of the UN oil embargo against South Africa.

He also said the vote would have a very positive impact on the company's activities in Africa and enhanced the prospects of a strategic alliance with a leading world oil company.

The increase in earnings per share was limited to 21 per cent – up to 134 cents from 111 cents – on account of a 40 per cent increase in the number of shares in issue.

The dividend was lifted by 19 per cent to 50 cents a share.

Mr Angel said that the group had recorded an overall volume increase of about 3 per cent, including a three-fold increase in exports over the previous six months. Exports now constitute about 10 per cent of total volumes. Most of these extra volumes were sent to the 15 African countries with which Engen now trades.

Refining margins were $1.50 to $2 below the 1991 average, but this was compensated for by a 15 per cent increase in drilling in Gabon and the Congo.

Li Ka-shing to leave HK bank post

By Simon Holberton in Hong Kong

MR LI KA-SHING, Hong Kong's richest man, is to step down from the deputy chairmanship of HSBC Holdings, the owner of Hongkong and Shanghai Bank.

Mr Li has been a member of Hongkong Bank's board since 1980 and its non-executive deputy chairman since 1985.

The bank said he was retiring to devote more time to his other business and personal interests.

It said that Mr Li had wanted to step down for the past two years, but it prevailed upon him to stay. The bank said his advice had been greatly valued.

Mr Li is one of the bank's biggest shareholders. He owns nearly 1 per cent of the bank – the limit it places on individual shareholdings – and stands to be a large shareholder of the bank that will emerge from the merger of Hongkong Bank with Midland Bank of the UK.

Mr David Gledhill, the retiring chairman of the Swire group, will also relinquish his Hongkong Bank board seat. The bank and Swire have a very close relationship, and it would be no surprise if Mr Peter Sutch, chairman designate of Swire, were to be appointed to the bank's board.

Also to step down from the bank's board is Mr F.R. Frame, an executive director since 1985, but he will continue as an adviser to the board.

● Husky Oil, the Canadian oil group controlled by Mr Li Ka-shing, is asking its government partners to put up another C$140m (US$117.6m) to get its US$1.5bn heavy-oil upgrader on stream in November, Robert Gibbens reports from Montreal.

Husky, with a 27 per cent stake in the upgrader on the border of Alberta and Saskatchewan, would put up an extra C$50m, said Mr Arthur Price, Husky president.

The Alberta government, with a 24 per cent stake, and the federal government, with 32 per cent, have given the company the nod, but Saskatchewan, with 17 per cent, is questioning the project's viability.

Sita sets up services company

By Michiyo Nakamoto

AN international air transport consortium is launching a commercial telecommunications services company to provide value-added network services to industries ranging from leisure to financial services.

The Socie'te' Internationale de Te'le'communications Aeronautiques (Sita), a non-profit-making organisation of 460 member companies from the airline, aerospace and related industries, is investing about $20m over the next four to five years in Scitor, a wholly owned UK-based subsidiary.

Scitor, which will provide services, such as reservation systems for hotels and sales systems for multinationals, aims for revenues of $100m by 1998. It has already won orders worth $40m from 250 companies including Hilton International and Budget Rent A Car.

Value-added network services are the fastest growing sector of Europe's information services industry with revenues forecast to increase from $3.8bn last year to over $10bn in 1995, according to BIS Strategic Decisions, the market research company.

PHILIPS, the Dutch electonics group, is launching Compact Disc Interactive (CD-I), a multi-media home entertainment system, in the UK earlier than planned in an effort to speed up the product's penetration of international markets.

CD-I combines audio, video, text, animation and graphics on a compact disc. It is one of three products which Philips is counting on to boost its depressed consumer electronics business. The other two are digital compact disc, scheduled to be launched in the autumn and high definition TV.

The Dutch group has invested a significant amount in developing CD-I and the software for the system which allows the user to manipulate the material on the televsion screen.

The difficulty in marketing CD-I is that, unlike compact discs, which have easily recognisable advantages, CD-I is an entirely new concept so that Philips needs to educate consumers about its merits. The UK launch has been brought forward from September when it was initially scheduled to be introduced into EC markets.

Mitsubishi Kasei cuts profit forecast

By Robert Thomson in Tokyo

MITSUBISHI KASEI, Japan's largest chemical company, yesterday indicated that its pretax profit for the year just ended could be around Y13bn ($96.8m), down from Y28.5bn a year earlier, as demand for petrochemical products has fallen in tandem with the slowing economy.

The company admitted it would be "almost impossible" to reach a previously-forecast profit of Y17bn.

Mitsubishi Kasei said falling demand for chemicals and continuing high costs in the distribution sector, which is still affected by a labour shortage, had lowered profits sharply.

However, it said investment in plant and equipment was likely to remain unchanged this year, while research and development spending would rise from Y41bn last year to Y42bn in the current period.

Indonesian gas find boosts shares of O&Y offshoot

By Bernard Simon in Toronto

SPECULATION over a natural gas find in Indonesia has pushed up the market value of one of the companies for which Olympia & York, the debt-burdened property developer, is seeking a buyer.

The share price of Gulf Canada Resources, a large oil and gas producer, that is 75 per cent owned by O&Y, has risen by more than 80 per cent in the past week.

This is attributed mainly to Gulf's announcement last Monday that its wholly-owned subsidiary, Asamera Oil, has discovered what it described as a gas zone "of significant thickness" on the Indonesian island of Sumatra.

The jump in the share price has lifted Gulf's market capitalisation in the past week from C$724m (US$608.4m) to more than C$1.3bn. Gulf's shares stood at C$3.25 in early trading on the Toronto stock exchange yesterday. Uncertainty about O&Y's financial condition pushed them as low as C$1.50 last month.

Gulf cautioned that initial data from its exploratory well has yet to be confirmed by more detailed tests. However, the preliminary findings have prompted speculation that the gas field could be as big as the nearby Arun field, which is a large supplier of liquefied natural gas to Japan.

Asamera has a 50 per cent equity interest in the area being drilled. The remainder is owned by Aceh Gas and Oil of Japan. Asamera's discovery has also pushed up the share price of Encor, another Calgary oil and gas producer, which has a 22.5 per cent interest in an exploration block in the Malacca Strait of Sumatra.

O&Y, which is owned by Canada's Reichmann family, has been seeking a buyer for Gulf as part of efforts to raise cash to service its debt. But Mr Bill Magee, analyst at Research Capital in Toronto, said yesterday that neither buyers nor sellers are likely to commit themselves until there is greater certainty about the value of the Sumatra gas discovery.

Another O&Y subsidiary, GW Utilities, said yesterday that it has bought for a discounted price the proceeds of a special dividend which it is due to pay on April 14 to another company controlled by the Reichmann family. The deal enables the Reichmanns to gain immediate access to the special dividend, which it is using to meet overdue repayments on two O&Y commercial paper programmes.

The Reichmanns are entitled to special dividends from GWU of C$158m on April 14, but will immediately receive C$147m.

O&Y said yesterday that it was immediately using the proceeds of the GWU special dividend to help retire one of its commercial paper programmes. The company said it was redeeming about C$78m in securities issued by O&Y Commercial Paper II. The remainder of the funds would be used to help retire C$153m in paper which had still to mature.

A run on O&Y's commercial paper last month contributed to the liquidity crisis which forced it to restructure its debt. Outstanding obligations in a second CP programme are expected to be met from the sale of Exchange Tower, a Toronto office building. The company expected this transaction to be concluded within the next few days.

RBC plans trust expansion

By Robert Gibbens

THE Royal Bank of Canada plans to become a leading force in the country's trust services business through its newly-acquired International Trust, which is to be renamed Royal Bank of Canada Trust.

The company has C$4bn ($3.3bn) assets under administration, and the bank may make another acquisition before long. It will offer fiduciary services to wealthy individuals across Canada and also specialised services to corporation.

Under Canada's new federal financial institutions regime, banks can operate trust companies. Two other Big Six chartered banks also plan trust affiliates.

Consortium bids $400m for LTV missile unit

By Alan Friedman in New York

THOMSON-CSF, the French state-controlled defence company, has joined forces with two US partners to bid $400m for the aerospace and missile businesses of LTV, the US steel and defence company under bankruptcy protection for the past five years.

The Thomson-CSF bid, which features Hughes Aircraft and the Carlyle Group as partners, tops a $355m bid LTV agreed in February with Vought, a venture formed by US defence groups Lockheed and Martin Marietta.

The French company and Hughes are offering $280m in cash for LTV's missile business, while the Carlyle Group, an investment firm run by Mr Frank Carlucci, the former secretary of defence, is offering $90m in cash and $30m in preferred stock for LTV's aircraft division.

As LTV is operating under Chapter 11 bankruptcy proceedings, any bid for its assets would need the approval of the judge following its case.

Thomson and its partners claimed that their bid would not create any anti-trust complications.

Following the acquisition, each division would be separately capitalised and operated independently, Thomson-CSF said.

LTV's missiles division would remain an American company, it was claimed, and would observe US Defence Department restrictions to prevent the unauthorised disclosure of classified information or transfer of sensitive technology.

Thomson-CSF said compliance with US laws and regulations would be ensured by a Special Security Agreement (SSA) written to US Defence Department specifications.

Security compliance would be overseen by an eight-member board of directors, all but one of whom would be US citizens.

"LTV/MD would stay an American company. The management, employees and suppliers would be retained," said Mr Alain Gomez, the Thomson-CSF chairman. He said LTV and Thomson-CSF have long-standing ties, notably joint work on the VT1 missile.

White raven turns rival carmakers green

Andrew Fisher looks at the ways BMW is planning to stay ahead of the competition

BMW turns other car manufacturers green with envy. The Munich-based group's cars are sleek, sporty, and popular; its sales and profits keep on rising; and it looks assured of a smooth succession when Mr Eberhard von Kühnheim steps aside as chief executive after a period in the top job unequalled in the world motor industry.

He gave no hints as to when that would be when speaking at the annual press conference this week. But, at the age of 63, the time cannot be too far off when the man who has steered BMW into a period of steadily-rising profits decides to retire.

The obvious successor is Mr Wolfgang Reitzle, the development director who recently turned down an offer from the family owners of Porsche, the beleaguered maker of high-priced sports cars, to become its chief executive.

The snappily dressed Mr Reitzle, 20 years younger than Mr von Kühnheim, shows every sign of wanting to get more closely to grips with the problems ahead for the German motor industry. "We have to change the structure of our company. The conventional cost-cutting approach will not be enough to enable us to face the challenges of the next 10 years."

At first sight, BMW would seem to face far fewer problems than other car companies. It has suffered less than, say, Volkswagen, from the growing difference between production costs in Germany and elsewhere. Last year, BMW's turnover was 10 per cent higher at DM29.8bn ($18bn) and net profits up by 12.5 per cent to DM783m.

These results set BMW apart from much of the rest of the world motor industry – at least in Europe and the US – which is struggling to ward off the impact of recession and to combat stiffer competition, notably from Japan.

"We are almost like a white raven," quips Mr Volker Doppelfeld, the finance director. "We don't mind if there are several white ravens, but we want to be one of them."

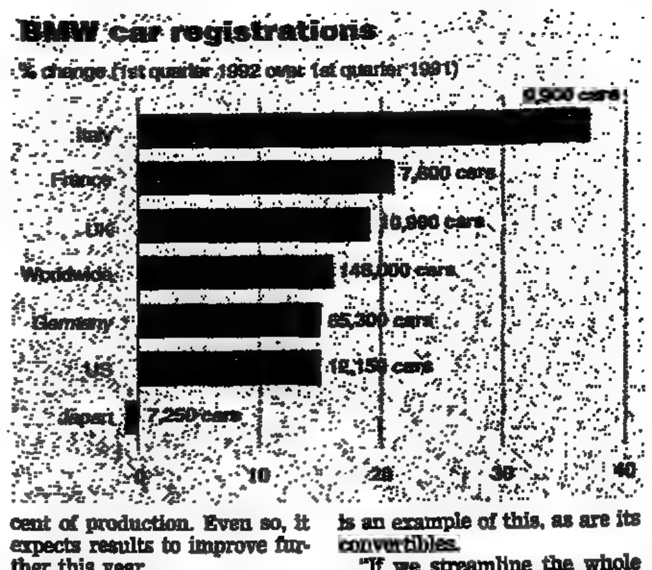
Staying up with the industry's elite will be expensive. Since 1988, BMW's turnover has risen by 21 per cent but development spending has moved up by 35 per cent. "BMW is healthy and BMW is strong," Mr Doppelfeld asserts.

Cash-flow last year was DM2.8bn compared with capital spending of DM2.1bn and its securities and cash holdings exceed DM4bn.

It made a flying start to 1992 with a 24 per cent jump in turnover. But the comparison was with a period during which it was gearing up production of the new 3-series, accounting for nearly 60 per cent of production. Even so, it expects results to improve further this year.

BMW car registrations

% change (1st quarter 1992 over 1st quarter 1991)



BMW will have to use its financial and innovative strength with increasing agility to keep matching the competition. Germany's labour costs are some of the highest in the world, and wage claims this year have approached 10 per cent. It is against this background that the gradual reduction of labour and the consideration of sites for a possible US plant must be seen.

As outlined by Mr Reitzle, BMW's strategy is to go for market niches and segments within those niches. Its touring (estate) version of the 3-series is an example of this, as are its convertibles.

"If we streamline the whole company in all its activities so that we can develop, produce, and sell more efficiently than others in certain market segments and with low volumes and lots of variations, then we shall be in a unique position," he says.

At the end of this year, BMW will bring out the M3, the high-performance sports version of the 3-series. By building on the company's strengths of design, image, and technology, Mr Reitzle hopes BMW will be able in the future to charge a price premium of some 15 per cent over comparable models. This is much less than Mercedes-Benz charges for some of its cars.

BMW has long passed the critical size needed to finance such an approach, he reckons. With modern and flexible manufacturing technology, much shorter runs of cars and components are possible without operating at a loss. "We can make 30 or 40 12-cylinder engines a day and earn money". Last year, BMW made 553,000 cars, a rise of 6.5 per cent; this year will see a further increase. Ten years ago, it produced 378,000.

BMW, in which most of the shares are owned by the wealthy Quandt family, could well have a rougher ride ahead of it than in recent years. The US tax on luxury goods above $30,000 certainly hurts sales of its more expensive models in the US, and competition from Japanese cars such as the Lexus and Infiniti will hot up. Currency swings can hurt sales.

Moreover, there are Germany's high costs, a problem for all of the country's producers. More and more of the components it buys, whether or not from German companies, are made abroad. The fuel injection valves BMW buys from Robert Bosch are actually made in South Carolina. That just happens to be one of the potential sites the car-maker has been looking at in the US.

Whirlpool makes further moves in eastern Europe

By Andrew Baxter

WHIRLPOOL, the largest US white goods producer, is extending its expansion into eastern Europe by creating a wholly-owned Hungarian subsidiary to sell and service its products under the Bauknecht, Philips and Whirlpool brand names.

The move comes four months after Whirlpool made its first significant foray into eastern Europe by forming a joint company in Czechoslovakia to manufacture and sell washing machines and market other domestic appliances.

Whirlpool, through its Whirlpool International unit, is keen to use its European presence, acquired through the acquisition of the former Philips domestic appliances businesses, to develop more markets in eastern Europe.

It also plans to manufacture for export to neighbouring countries and the former Soviet Union – at least in the case of the Czech venture, with the local Tatramat company.

The Hungarian subsidiary, Whirlpool Hungarian Trading, will launch early this month an advertising campaign to promote Whirlpool as a global brand name, featuring commercials drawn from the US company's pan-European campaign.

Mr William Marohn, president and chief executive of Whirlpool International, said Hungary's recent Association Agreement with the European Community "reinforces our confidence in Hungary's future and our opportunity to address the rising expectations of Hungarian consumers".

BCE appoints Red Wilson as president

By Robert Gibbens in Montreal

LYNTON "Red" Wilson, 52, is stepping up to president and chief executive officer of BCE, the telecommunications holding company that owns Bell Canada and controls Northern Telecom and other companies.

Mr Wilson moved to BCE late in 1990 as chief operating officer from the Bank of Nova Scotia, where he had been vice-chairman. Before that he was chairman of Redpath Industries, controlled by Tate & Lyle. He is a former Ontario deputy minister of industry.

Raymond Cyr, 58, will remain chairman of BCE and develop the telecommunications business. Mr Cyr has overseen the restructuring of BCE over the past five years.

Cincinnati Milacron links with German metal group

By Andrew Baxter

CINCINNATI MILACRON, the US machine tool-maker, is beefing up its sales effort in Germany through a tie-up with Stuttgart-based Hahn & Kolb, one of the biggest sales and service companies for the German metalworking industry.

The two companies have signed a sales representation agreement described by Milacron this week as one of the most significant in its history.

Under the deal, Hahn & Kolb will be responsible for the sales of Milacron's Sabre range of low-cost machining centres, which are designed and built at the US company's Birmingham plant in the UK.

The Sabre range has been one of the most successful products of Milacron's Wolfpack programme for concentrating manufacturing, reducing product development times and increasing responsiveness to clients' needs to enable it to recapture markets for standard products lost to the Japanese.

The German machine tool market is currently suffering from weak demand, along with the rest of Europe, but is generally reckoned to have a lot of long-term growth potential because of reunification.

However, for foreign machine tool-builders a comprehensive sales network is essential to help overcome the German preference for buying domestic equipment.

Mr Malcolm Scarlett, Milacron's UK sales director, said: "We are excited and confident that this agreement will lead to a significant increase in Sabre sales in Germany."

Snecma slips to FFr68m loss as orders fall

By William Dawkins in Paris

SNECMA, the French state-owned maker of aircraft engines, yesterday provided the latest evidence of the aerospace industry's difficulties by announcing a loss for 1991 and a 30 per cent decline in new orders.

The group swung into a consolidated FFr68m ($12m) net loss last year, from profits of FFr208m in 1990, on a sales increase of 1.7 per cent over the same period to FFr23.9bn.

Mr Louis Gallois, the chairman, predicted two months ago that Snecma had roughly broken even in 1991.

Snecma attributed the loss to difficulties at three subsidiaries; Messier-Bugatti, which makes aircraft brakes and landing gear; the Sochata maintenance business; and FN Moteurs, its Belgian engine unit.

"All three companies were particularly affected by the recessionary economy in 1991 and have implemented plans to adapt their industrial and human resources to changing market conditions," said Snecma.

The parent company, which embraces most of the engine-making business, booked FFr7.3bn of new orders last year, down from FFr10.3bn.

However, all the commercial engine programmes in which it competes, including the CFM-56, made with General Electric of the US, had increased their market share in a "fiercely competitive market".

Net income at the parent company rose from FFr77m to FFr82m, after a FFr408m extraordinary charge for job losses and depreciation of the value of Snecma stakes in some subsidiaries.

The group shed 300 jobs last year and has submitted plans to its workforce for losing another 500.

INTERNATIONAL CAPITAL MARKETS

Tokyo takes fright as economic message comes home

By Patrick Harverson in New York and Richard Waters in London

THE Japanese government bond market caught a fright yesterday. The tumbling Tokyo stock market and a weakening yen finally brought home the message the market had been struggling to digest the day before: that this week's fiscal package and cut in the official discount rate are unlikely to make much difference to the worsening Japanese economy.

GOVERNMENT BONDS

The result was a heavy sell-off in the government bond market in the afternoon as rumours of heavy selling sent waves of panic through the market. By the close, the market had recovered some of the lost ground, but was still looking badly battered, with bonds at yields around their highest for the year so far.

"There's not a lot of news – there's just rumour and panic," one trader said. "The market is in a state of confusion and shock."

The benchmark bond 129 tumbled during the day, with the yield jumping sharply from 5.42 per cent at the opening to 5.71 per cent at one stage as panic set in. A later recovery brought it back to close around 5.5 per cent, though the price continued to slide during the London trading day, with the yield rising to 5.55 per cent.

The gloom over the yen and the state of the stock market suggest further falls are in store. Mr Neil McKinnon, an economist with Yamaichi in London, said yields were likely to rise to 6 per cent by the summer, while further interest rate cuts to support the equity market would take the official discount rate down to 3 per cent.

■ The French government bond market got what it wanted yesterday – and promptly reacted with a sharp bout of selling. Mrs Edith Cresson's resignation as prime minister, and her replacement by Mr Pierre Bérégovoy, were just what traders had been hoping for.

The French bond futures contract closed down 0.08 at 107.28. Cash bonds were left once more yielding around 72 basis points more than their German equivalents, in part due to a quiet day for the bund market. (While the German cash market remained steady, trading in a narrow range, bund futures gained on the day, closing up at 87.21 after opening at 87.06.)

Where the French market goes from here depends in part on who will succeed Mr Bérégovoy at the finance ministry. Although there is a feeling in some quarters that the prime minister will double up as finance minister, a more expected move would be that of Mr Jacques de Larosière, the governor of the Bank of France. That would be a popular choice with the market.

■ FOREIGN investors have rediscovered some appetite for Italian bonds this week. The latest auction of 10-year bonds on Tuesday saw strong foreign buying, according to several bankers – in part to square short positions in the futures market.

With political uncertainty over this weekend's elections, and little cheer on the economic front, Italian government bonds have lost ground in the last fortnight. They had tightened by around 0.5 percentage point against bunds during the year so far, reaching a spread of 2.9 per cent, before falling again to 3.2 per cent. This week's buying interest and a relaxed monetary stance yesterday, have helped to bring back a firmer tone to the market.

■ US TREASURY prices fell slightly at both ends of the yield curve yesterday morning as traders and investors continued to tread gently ahead of today's important employment data for March.

By late morning the benchmark 30-year government bond was down ⅛ at 101⅛, yielding 7.908 per cent. The short end was also weaker near the halfway mark, with the two-year note down ⅛ at 100¾, yielding 5.531 per cent.

The only economic news of the day – the report that initial jobless claims rose 9,000 in the third week last month – had no effect on sentiment because the market had its eyes firmly fixed on today's jobs report. The forecast is for a rise in non-farm payrolls of between 45,000 and 70,000, which would represent a continuation of the trend for a modest improvement in labour conditions.

● After losing its nerve on Wednesday over fears of an imminent change of government, the UK government bond market yesterday regained some of its composure. Traders gathered enough confidence to mark bond prices up slightly on the day. The benchmark 9 per cent maturing in 2011 gained nearly ¼ point on the day, closing up at 94⅛, a yield of 9.68 per cent.

● THE UK government bond market was the worst performing market last month in both sterling and dollar terms, according to figures supplied by J.P. Morgan and Kemper Investment Management, writes Simon London.

A portfolio of gilts gave sterling-based investors a negative return of about 2.5 per cent over the month, as pre-election jitters sent bond prices lower. For an international US dollar-based investor, the outcome was worse still: a negative return of over 3.5 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	100.5915	-	9.91	9.98	10.09
BELGIUM		9.000	08/01	100.7000	-	8.88	8.89	8.65
CANADA *		8.500	04/02	97.7500	-0.100	8.84	8.68	8.57
DENMARK		9.000	11/00	100.3700	-0.080	8.92	8.83	8.58
FRANCE	BTAN	8.500	03/97	98.1444	+0.038	8.97	8.97	8.69
	OAT	8.500	11/02	98.4500	+0.030	8.71	8.65	8.44
GERMANY		8.000	01/02	99.8500	+0.080	8.01	8.02	7.82
ITALY		12.000	02/02	97.7700	+0.050	12.391	12.35	12.14
JAPAN	No 119	4.800	06/99	95.3725	-0.288	5.71	5.59	5.79
	No 129	6.400	03/00	104.5225	-0.903	5.68	5.32	5.45
NETHERLANDS		8.250	02/02	98.9900	+0.020	8.40	8.40	8.21
SPAIN		11.300	01/02	101.6000	-0.380	11.00	10.92	10.66
UK GILTS		10.000	11/98	98-25	+2/32	10.33	10.03	9.46
		9.750	08/02	98-16	+4/32	9.98	9.80	9.33
		9.000	10/08	94-08	+7/32	9.71	9.60	9.17
US TREASURY *		7.500	11/01	100-11	-3/32	7.45	7.53	7.45
		8.000	11/21	101-01	-3/32	7.91	7.97	7.98

London closing. *New York morning session. Yields: Local market standard. † Gross (including witholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Options market in bid to expand retail business

By Tracy Corrigan

EFFORTS to revive trading of individual UK stock options following the merger of the London International Financial Futures Exchange (Liffe) and the London Traded Options Market (LTOM) will centre on attracting more retail business to the market.

"We have never had the heart and soul – or the portfolio, or the cheque book – of the private client," said Mr Geoffrey Chamberlain, former chairman of LTOM, speaking yesterday at a seminar on the future of the equity options market, organised by Futures and Options World.

"There cannot be a successful stock options market without private client business. We should not be afraid of using the word speculation to apply to a certain part of the market."

The business plan for equity options being prepared by Liffe will focus on educating retail investors, according to Mr Michael Jenkins, chief executive of the merged exchange. One reason for their desertion from the market – apart from the crash of 1987 – was that many banks and brokers became increasingly disinterested in serving retail clients.

But the focus on retail participation was disputed by some market participants, who pointed to the broad trend away from retail investment towards collective investment schemes. "You need a bull market to attract retail investors," said one.

Nevertheless, the bid to attract retail business is already under way elsewhere. Five US exchanges have agreed to commit $2m annually for the next three years in an effort to rejuvenate equity options trading. Traditionally high, the level of US participation has been slipping in the past few years. The money will be spent on television and print advertising and a system of seminars, according to Mr David Hall of the Chicago Board Options Exchange.

Among the barriers to a successful market identified, traders and fund managers were particularly concerned by the lack of transparency in the underlying stock market. Currently, there is a 90 minute deadline for marketmakers to report large trades. This is to be extended this year to 24 hours. As a result, marketmakers in equity options will suffer from the lack of transparency,

Geoffrey Chamberlain: former chairman of LTOM

which will in turn have some impact on the potential liquidity of the equity options market.

In a questionnaire completed by fund managers and traders attending the conference, poor liquidity was cited as the main reason for not using the market, followed by lack of support from trustees and wide dealing spreads. "Fear of getting it wrong" was ranked lowest.

● One advantage of the merger is already being demonstrated. According to figures released by the London Clearing House, which clears all products traded on the merged market, the total amount of margin for equity options halved during the first week's trading from £220m to £100m. The clearing house attributed the swing to the introduction of SPAN, Liffe's portfolio-based method of margining, for equity options and to the change to a principal-to-principal clearing system, which allows members to pay margin net rather than gross.

CBOT insurance futures gain CFTC approval

By Barbara Durr in Chicago

THE first two of a series of novel insurance futures contracts developed by Chicago Board of Trade have received regulatory approval from the Commodity Futures Trading Commission.

The CFTC has agreed to futures on homeowners' (property/casualty) insurance and health insurance.

CBOT will launch its homeowners' insurance futures on September 25 following the start of a homeowners' insurance pool index on June 15. The futures will be based on a pool index reflecting gross profitability claims versus premiums of a pool of at least 100,000 homeowners' insurance policies.

The exchange plans to begin publishing a health insurance pool index later this year.

Volatility brings new issues almost to a halt

By Simon London

THE pace of new issue activity in the international bond market slowed almost to a stop yesterday against a background of volatility in the Japanese and many European government bond markets.

Traders said that US employment statistics due to be released today could give a firmer indication of the future direction of US interest rates.

INTERNATIONAL BONDS

Uncertainty over the prospects for the US Treasury bond market has also discouraged investors from committing funds to the primary Eurobond market.

Norway's $1bn five-year issue, launched on Tuesday to yield 25 basis points more than US Treasury bonds, had widened yesterday to a yield spread of around 28 basis points.

Syndicate officials said a fall in US Treasury bond yields since the deal was launched had contributed to the widening yield spread, although some of the paper remained on the books of underwriters.

Elsewhere, new issue activity was restricted to specialist equity-linked issues. Jardine Strategic Holdings, the Hong Kong quoted holding company for the Jardine agriculture to banking interests, launched a $200m issue of undated convertible preference shares.

The issue, lead managed by Jardine Fleming, pays a fixed dividend of 7.5 per cent and will be convertible into ordinary shares at a 16 to 18 per cent premium to the share price when the deal is priced next week.

Unlike most convertible bonds, the preference shares do not have a redemption date, although the paper can be bought back – or called – by the company after five years. However, if the call is not exercised, the only exit for investors is via conversion into ordinary shares.

The ordinary shares currently yield 3.9 per cent on the Hong Kong Stock Exchange. Participants in the transaction said the paper appealed to equity investors keen to pick up a high cash yield. Many of the buyers were continental European and US equity fund managers with no specialist interest in the Far East. The scope of JSH's interest make its shares an easy route to exposure to many Asian markets.

SASIB, the Italian industrial group, priced its unusual L65bn five-year convertible issue launched on Monday via Lehman Brothers International.

The paper carries a coupon of 9¼ per cent and converts into SASIB savings shares at L5,100, a small 3 per cent premium over yesterday's share price.

Like the Jardine Strategic issue, the bonds were seen as a high-yielding proxy for equity investment. SASIB's savings shares currently yield 5 per cent. The paper is mandatorily convertible into equity after five years.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Jardine Strategic(b)§	200	7.5	(b)	(b)	3.25/2	Jardine Strategic
D-MARKS						
FIH(c)†	200	8.375	101.625	1999	2.25/1.5	Commerzbank
SWISS FRANCS						
City of Montreal(a)†	100	7.25	102	2002	-	Wirts. & Privatbank
LIRE						
Sasib Intl.(d)§†	65bn	9.25	100	1997	(d)	Lehman Bros. Intl.

**Private placement. §Convertible. ‡With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) An issue of undated convertible preference shares, paying a fixed dividend of 7.5%. Each $800 share launched at a price of $1,000. Non-callable for first five years. c) Full name of borrower: Finansieringsinstituttet for Industri og Handvaerk. Non-callable. d) Deal issued 30/03/92 and priced 02/04/92. Mandatory conversion at maturity. Fees undisclosed.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on April 2

U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield — OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield

[illegible]

DEUTSCHE MARK STRAIGHTS — FLOATING RATE NOTES

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS — CONVERTIBLE BONDS

[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cny. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	37	23	20
Other Fixed Interest	4	5	8
Commercial, Industrial	203	325	941
Financial & Property	110	168	542
Oil & Gas	11	21	55
Plantations	0	0	9
Mines	9	52	86
Others	35	52	58
Totals	382	646	1,719

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Traditional Options details were unavailable yesterday.

LONDON TRADED OPTIONS

[illegible]

April 2 Total Contracts 33,209
Calls 13,480 Puts 19,729
FT-SE Index Calls 5,636 Puts 9,385
Euro FT-SE Calls 987 Puts 1,069
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	37	Ladbroke	17	Sears	8	**OILS**	
Allied-Lyons	49	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	5½	Courtaulds	39	Lex Service	16	TI	48	BP	21
Astec (BSR)	3	Eurotunnel	34	Lloyds Bank	35	TSB	9½	Burmah Castrol	38
BAT Inds	50	FKI	5½	Lonrho	15	Tesco	19	Conroy Pet	8
BOC	48	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	38	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	26	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	NatWest Bank	23	Vickers	12	Tuskar Res	½
Boots	30	GEC	15	P & O Dfd	35	Wellcome	72	**MINES**	
Bowater	58	Glaxo	59	Racal Elect	5	**PROPERTY**		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	16		
British Steel	6	GRE	10	Rank Org	52	Land Sec.	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Reed Intl	39	Mountleigh	1½		

Wm Baird suffers setback to £25m

By Daniel Green

A DEEPENING recession in clothing and engineering left William Baird's pre-tax profits 25.7 per cent lower for the year to end-December at £25.1m.

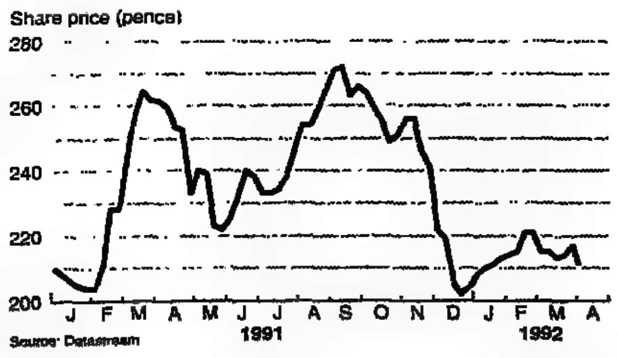
The closure of several businesses, largely in the Darchem engineering operation, were reflected in extraordinary charges of £3.89m (£426,000). "We have no plans to announce further closures," said Mr Donald Parr, chairman, yesterday.

Earnings per share emerged sharply lower at 16.5p (24.1p). The dividend is maintained at 8.9p with an unchanged final of 5.35p. This is the first time dividend cover has been less than twice since the recession of 1981.

Current trading remained difficult. "There is no evidence of any real recovery in the UK," said Mr Parr. "The group is not anticipating an early end to the recession."

The proceeds from last year's £39m rights issue have not yet been spent on the promised acquisitions and gearing fell 26.2 per cent to 3 per cent.

William Baird



Overall group turnover rose from £519.6m to £532.8m, but this masked a sharp fall in sales by Darchem. Orders dried up especially in the automotive and building services sectors. Turnover fell to £113.1m (£120.2m) and operating profits were reduced to £7.9m (£12.8m).

Textiles held up relatively well, helped partly by a growing share of Marks and Spencer's sales. The company cut costs by sourcing a greater proportion of its garments outside the UK. Turnover rose to £419.8m (£399.4m), although operating profits slipped to £23.2m (£27.1m).

Clothing margins were additionally hit by the company having to absorb a proportion of the increase in VAT imposed in the 1991 budget.

Within branded products, Dannimac rainwear increased both turnover and profits because of "a better balance between capacity and demand" and a move towards higher unit prices.

● COMMENT

Baird's businesses in textiles and engineering went into recession together and late. They will be among the last to recover too because clothing and insulation are downstream operations in their respective sectors. But while business is bad, finances are good. The company could eliminate borrowings entirely this year as cash flows into the business. Last year's harsh cost cutting should be replaced this year by a judicious acquisition or two – good timing from the point of view of the business cycle. Profits are set to recover modestly to about £31m, putting the shares on a prospective p/e of 11.5, about 10 per cent less than the market. Baird is being cushioned from the worst of the recession by being one of Marks and Spencer's favoured suppliers. But it remains the textile sector's biggest play on a UK recovery and the shares are therefore good value only in the long term.

Brought low by balance sheet battering

Bronwen Maddox on why Heron needs to reschedule its debt

THIS MORNING Mr Gerald Ronson's Heron International will tell its bankers that it is writing off more than £400m, over two thirds of its balance sheet, because of the slump in worldwide property markets.

Heron will also ask the banks to reschedule its £1.3bn debt, and announce the first pre-tax losses in its 26-year history for the financial year that ended three days ago. The figures mean it will no longer rank as the UK's second largest private company.

Heron is fighting recession in its key markets of property, housebuilding and luxury car sales, and the request has not come as a complete surprise to the financial markets, which have been heavily discounting its Eurobonds for a year.

The problem is not that debt has soared. Heron's net debt has fallen slightly in the past year to about £1.3bn, including £448m in Eurobonds. That compares with £1.4bn in the March 1991 accounts, which included £357m borrowings within the US businesses marked for disposal.

However, the slump in US and UK property has savaged the balance sheet, which had already seen write-offs of about £200m over the past few years from the group's ill-fated move into US financial services

Heron will give a new figure for its net assets of about £150m, compared with £585m in March 1991. At that date Heron's investment property was valued at £772m, in the judgment of the group's senior employees.

Heron says that it currently has over £100m of cash and liquid assets and that there is no immediate crisis.

However, in anticipation of cashflow problems it will ask banks and bondholders today to delay capital repayments until the last years of the decade, and to delay some interest payments.

Apart from the US investments, Heron is in a position to paint a more optimistic picture about the future value of its investments than many property developers who have recently run into financial trouble. It is expected to argue to the bankers that its portfolio of businesses has many strengths, and that it has been peculiarly unfortunate in the acute vulnerability of its main businesses to recession.

The response of the bankers will determine whether it is given the room to realise the long-term value.

The group is not exposed to City and Docklands commercial property markets, with their acute oversupply. Its office development near Heathrow has let all 47,000 sq ft and will be completed by the end of 1992. Its developments at Basildon and in Cornwall are fully let, as are the shops in Sunderland town centre and Victoria Station in London. The Southampton investment, which will be completed in the autumn, is about 82 per cent let.

Heron has also expanded its property division vigorously into Europe and currently has developments in Berlin, Paris, Lyons, Brussels, Madrid and Barcelona. Several recent sales of European investments showed a profit.

However, the most troublesome part of its property portfolio continues to be the US. It started building two Manhattan tower blocks, called in 1980s-style Heron Towers I and II, but while the first is 95 per cent let, building of the second has been frozen until the market improves.

It also holds 9,000 acres in Arizona, a legacy of its 1980 move into financial services in the US south-west, and the subsequent collapse of the local property market.

Unsurprisingly, the group's UK housebuilding division, Heron Homes, has been hit by the collapse of the housing market. It will nevertheless tell bankers that in the year to March 1992 it sold 900 homes – about 17 per cent up on the previous year – and that its housing bank remains at 5,000 plots in southern England with options on a further 6,300.

Its luxury car dealerships in the UK for Jaguar, Rover, Rolls Royce and its Suzuki manufacturing franchises, have also suffered from recession, although Mr Ronson has reiterated his commitment.

The fourth arm is petrol stations, whose cashflow supported some of the group's early expansion. Last autumn Heron agreed to sell 150 stations to Elf Aquitaine over the next two years in a deal believed to be worth about £100m. One of the questions bankers will ask is the effect of the disposal, which will leave the group with only around 30 stations, on projected cashflow.

On at least one division – albeit one of the smaller ones – Heron is expected to tell an extremely encouraging story. Its distribution and transportation services in the UK have increasingly focused on food, drinks and white goods, and now count among their customers Zanussi, Electrolux, Tricity and Bendix. Heron will report that in the 12 months just completed sales were "considerably up" on the previous year.

Underwriting undermines Sun Alliance

By Richard Lapper

AFTER POSTING its worst-ever pre-tax losses – £466.2m for 1991 compared with 1990's £180.9m – Sun Alliance is shrinking parts of its business and cutting jobs in a bid to restore profitability.

General insurance premium income rose to £2.68bn (£2.51bn) – largely as a result of rate rises – and life insurance income to £1.1bn (£861.2m) in 1991.

But underwriting losses climbed to £833.5m (£550.8m), mainly because of a sharp rise in insurance losses in the UK to £713m (£461.3m), where the bulk of recession-, weather- and crime-related losses have been concentrated.

Life insurance profits rose to £54.8m (£47.7m) and investment income was marginally down at £313m (£322.2m), largely as a result of negative cash flow in the UK.

Losses per share were 59.2p (13.4p) and the total dividend is lifted to 14.25p (14p) with a proposed unchanged final of 9p.

In the UK the company has been more selective about the business it underwrites, reducing its motor exposures from 1.8m at the end of 1990 to about 1.5m at the end of last year. Another 100,000 policyholders could leave the books over the next 12 months.

In the UK household sector, where Sun Alliance is market leader with a 25 per cent share, the company has introduced a system of differential rating, whereby householders living in areas more prone to subsidence damage, such as the south-east, will pay up to twice as much as those living in other parts of the country.

Mr Scott Nelson, general manager, believes that relatively high levels of subsidence loss will be a "permanent feature of UK buildings insurance".

Sun Alliance has also refused to accept commission terms offered to it for block business by Abbey National on the grounds that these were "unacceptable".

On the jobs front, Sun Alliance announced the loss of 800 posts in January and said that further cuts have been identified since then.

Scottish Heritable makes sharp inroads into losses

By Chris Tighe

SCOTTISH HERITABLE Trust, the mini-conglomerate, showed a substantial recovery in 1991 cutting pre-tax losses from £15.9m to £792,000.

All but one division recorded sizeable improvements to produce an overall trading profit of £6.59m, against a loss of £7m. This, however, was swallowed up by interest charges, which fell from £8.48m to £6.79m.

Net borrowings were reduced by £25.4m to £41m. Gearing at the end of 1991 was 270 per cent and Mr Stuart Macdonald, finance director, said the aim was to cut it during 1992 to 100 per cent or below through the current disposal programme.

A decline in oriental carpet sales and the disposal of Hearthstead Homes (housebuilder), John Letters (golf club maker) and Nippasox (children's clothing manufacturer) led to a drop in turnover to £95.5m (£116m).

Losses per share came to 1.5p (36.3p) before, and to 6.6p (59.7p) after extraordinary charges of £1.85m (£8.4m). The charges covered redundancy and closure overheads and the cost of the refinancing programme.

In the individual trading divisions the improvement was most significant in property and investment, where there was a profit of £1.67m before interest and tax, compared to a loss of £5.56m).

SHT's property division has a mixed portfolio of land around Britain and owns tenement flats in the Glasgow area.

Exceptional forces DC Gardner to £3.8m loss

DC GARDNER Group, the management consultancy and business services company, incurred a loss of £3.76m, including an exceptional £3.34m, for 1991.

The previous year saw a profit of £2.11m.

However, ACT Chart, the accountancy training division, was sold at the end of December for £7m, including related debt, and this, together with £4.1m net from the July rights issue, cut group borrowings to £3.8m (£12.6m) by the year-end. This gave gearing of 40 per cent.

The restructuring helped continuing activities to show a turnround from a loss before tax and exceptional items of £211,000 in the first half to profits of £547,000 in the second six months.

Total turnover was £27.1m (£23.7m) with £9.04m attributable to discontinued activities.

The company has insufficient distributable reserves to pay a dividend (3.89p).

In order to facilitate the resumption of dividend payments in 1992, the board is to apply to the court for approval of a reduction in the share premium account.

Losses per share amounted to 18.3p (earnings of 8p).

The group has made a good start to the current year with Coutts, the outplacement and career management subsidiary, achieving record results in the first quarter.

Also the recent award of important new contracts are providing a stream of profitable new business through the rest of 1992.

Chelsea given one week to find £22.85m

CHELSEA FOOTBALL Club has been given seven days to find £22.85m to buy its Stamford Bridge ground in west London. The Court of Appeal yesterday upheld a High Court decision about a contract for the sale.

If Chelsea does not pay, it faces eviction by its landlord Cabra Estates, a property company with more than £50m debt. One observer claimed there was as much chance of Chelsea finding the money as of the team becoming league champions.

Mr John Duggan, chairman of Cabra, which already has an agreement to move Fulham Football Club out of its nearby ground, said he hoped an alternative venue could be found for Chelsea if the money were not forthcoming.

A twist to the story yesterday was that Mr Ken Bates, Chelsea's chairman, increased his recently acquired stake in Cabra to 29.6 per cent. His investment vehicle Vanbrugh has spent about £3m on shares in the past week.

Strong recovery to £2.25m at Wehmiller

Barry Wehmiller International, the Cheshire-based packaging and process machinery manufacturer, reported pre-tax profits of £2.25m for the six months to January 31.

The outcome showed a 48 per cent decline on the comparable period, but represented a sharp improvement on the second half of last year when profits dived to just £715,000.

Mr Nigel McLean, chairman, said that the success of last October's £12.9m rights issue and cash generated from operations left the group with nil gearing. Interest charges for the period dropped to £200,000 (£530,000).

All units were now operating profitably and a modest increase in order backlog indicated an improvement in demand, he said.

Turnover dipped 9 per cent to £35.7m. The interim dividend is maintained at 2.4p on the increased capital, from earnings of 3.9p (8.4p)

Airtours secures bond facilities worth £92m

By Christopher Price

AIRTOURS yesterday secured bonding facilities worth £92m over the next five years. The bond is a condition laid down by the Civil Aviation Authority to all holiday groups before being granted an operating licence.

However, the size of the bond is over twice that required by Airtours, whose present £40m facility expired at the end of March, fuelling speculation that it is eyeing candidates for acquisition.

Mr Harry Coe, finance director, said: "The reason we have gone for such a large bond is because of the very good response from the banks, and also to give us room for expansion. We are sitting on a lot of money, but not on our hands. We are out there looking."

The London Stock Exchange last week launched an inquiry into anonymous notes circulating which suggested that Airtours would bid for rival Owners Abroad.

North British Canadian assets up

The net asset value of North British Canadian Investment was 112.3p at February 28, a rise of 23 per cent over the year.

Net revenue amounted to £914,829 (£837,264) for earnings of 3.39p (3.1p) per share. A final dividend of 2.35p makes a total of 3.25p (adjusted 3.0625p) for the year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- China & Eastern Investment.

Finals- Atlas Converting Equipment, Brabant Resources, Johnston Group, Kingspan, Korea Liberalisation Fund, NMW Computers, New Ireland, Scottish Television, Shorco, Usher Walker.

FUTURE DATES

Finals-

Alexandra Workwear	Apr. 14
Beckenham	Apr. 14
CSC Investment Trust	Apr. 9
English National Inv	Apr. 22
FR	Apr. 14
Henderson Strata Invs	Nov. 19
London & Edinburgh Trust	Apr. 16
Pittencrieff	Apr. 7
Premier Cons Oilfields	Apr. 16
Richards Group	Apr. 8

Tilbury Douglas falls 25% but current year starts well

By Angus Foster

TILBURY DOUGLAS, the construction and property company formed last October with the acquisition by Tilbury Group of Robert M Douglas Holdings, yesterday announced a fall in profits, but said it started 1992 with work in hand 12 per cent higher than a year ago.

Pre-tax profits fell 25 per cent to £15m (£20m) in the year to December 31, helped by a two-month contribution, worth £2.4m, from Douglas. The fall was due to weaker margins in construction and continuing recession in housebuilding.

Mr Michael Bottjer, group managing director, said Tilbury Douglas' range of businesses insulated it from some of the downturn. Scottish housebuilding, which has been more resilient than in England, had another "excellent year".

Turnover increased 22 per cent to £239.6m, due to a sharp increase in construction-related sales, which rose 26 per cent to £191.6m. Construction business for the privatised water and electricity industries remained buoyant, but pre-tax profits for the construction side fell slightly to £11.1m (£11.4m).

Pre-tax property profits were cut in half to £3.05m (£8.6m).

Michael Bottjer: resilient Scottish housebuilding

House sales in Scotland increased to 446 (415) and prices were maintained at £58,000. But Mr Bottjer said there were still no signs of any upturn in the English housing market, where sales declined to 52 (85) and average prices fell to £70,000 (£74,000). The company expects to increase sales in Scotland and England to 740 units this year, predicting a slight improvement in England towards the end of the year.

Interest earnings increased to £3.5m (£2.6m) and the company held net cash of £12.7m at year end.

Earnings fell to 46.9p (70p).

The directors recommend maintaining a 22.5p final dividend, to make an unchanged total of 33p. Dividend cover fell sharply to 1.1 times, reflecting the increased number of shares in issue following the Douglas acquisition.

The maintained dividend and an upbeat presentation lifted the shares 3p to 538p.

● COMMENT

Tilbury Douglas is an under-researched company, but City houses may now be tempted to put the shares on their watch list. Despite difficult trading conditions, margins in the construction division were held close to a healthy 6 per cent and the slump in property profits is presumably relatively easy to reverse once the English market improves. Investors have the added attractions of the company's property developments, with the Spanish industrial development due for completion this year, and the first sizeable sales from the Phoenix development in Glasgow due next year. Forecast 1992 profits of between £25m and £27m put the shares on less than 10 times with a dividend yield of 7.9. The only problem for enthusiasts is getting hold of the shares, which are very closely held by German interests and UK institutions.

WH Smith to inject £24m into Do It All

By John Thornhill

WH SMITH is to inject £24m into Do It All, its DIY joint venture with Boots, to help fund the roll-out of a new store format aimed at the serious home-improvement enthusiast.

At the same time, the two parent companies are tidying up Do It All's shareholding structure, which was created through the merger of Boots's Payless chain with WH Smith's Do It All two years ago.

Do It All's preference shares will be converted into £1 ordinary shares, of which Boots will receive 48.5m and WH Smith 24.5m, reflecting the difference in profitability between the two merged DIY businesses.

However, WH Smith will remain an equal partner by subscribing in cash for a further 24m £1 shares.

The cash inflow will initially be used to reduce Do It All's borrowings and will then be applied to financing the expansion of project-based DIY stores which have been successfully trialled at Rugby and Stafford.

Mr David Thompson, Boots' finance director, said Do It All's stores would be converted from August at the rate of six a month at a cost of about £250,000 apiece.

The DIY market has recently been disfigured by price discounting among the market leaders, B&Q and Texas Homecare, which has hit the 230-store Do It All chain.

But Mr John Napier, Smith's finance director, said: "Overall, our market is stable despite the competitive activity. It is not buoyant but it is not dreadfully awful. I am not sure that we share the City's view that there is a mid-life crisis in the DIY industry."

The restructuring is expected to have little effect on the reported earnings of both parent companies this year. But City analysts suggest more money may be needed next year to fund any further expansion.

Hewden Stuart's £15m beats City forecasts

By Peggy Hollinger

HEWDEN STUART, Britain's second largest independent plant hire company, easily beat analysts' expectations with pre-tax profits of £15m for the year to January 31.

The results, struck on turnover 16 per cent lower at £170.9m, showed a 40 per cent drop on the previous year's £25.2m compared to some expectations of up to 50 per cent. Sir Matthew Goodwin, chairman, said the achievement had been "tremendous. We are very, very satisfied."

He was optimistic that the group was facing the end of a recession which has savaged the plant hire sector.

The first signs of recovery were being reported in the south of England, he said. "It's not enough to write home about, but there's a little improvement." There had been no upturn in the north and Scotland, however.

He was less than optimistic about the effects of a possible Labour government after the election. "It would set the whole thing extremely back," he said.

During 1991, conditions had been difficult and became even more competitive as the year progressed. "Prices are still abysmal," he said.

Nevertheless, tight control of capital expenditure and costs, and concentration on cash flow had helped the group to wipe out debt of £8m and end the year with £7m cash.

Thus, it could propose a token increase in the final dividend to 2.285p (2.175p) for a total of 3.15p (3p). Earnings per share fell from 9.14p to 5.35p.

"We are sitting on a pile of assets and have no form of commitments," Sir Matthew said. This would allow the company to acquire new plant when the upturn eventually arrived.

The biggest damper on profits was the decline in sales at the tower crane hire division, from £12.7m to £6.5m. This was partly the result of completing phase one at Canary Wharf, in London's Docklands.

Sir Matthew said Hewden had received all payments from Olympia & York, the heavily-indebted property group which owns the development.

The sale of new construction equipment also suffered a sharp decline, profits falling from £1.9m to £660,000. Sales of second hand plant contributed £3.5m, compared with £4.5m last time.

Bad debts totalled £1.7m (£2m). This was the result of a string of small companies failing "day after day", Sir Matthew said.

● COMMENT

Yet again the worthy Hewden Stuart shines out in a ravaged sector. To report profits at all would be considered by many to be good work; but to do so after a £25m depreciation charge and a £500,000 write-down on an investment at the same time as eliminating debt and building £7m cash is commendable. Then look at the relatively modern fleet, allowing lower repair and maintenance charges than competitors, and Hewden looks set to clean up in an economic recovery . . . as long as one is within sight. The only sting in the tail could be another drop in the construction sector. Forecasts were revised upwards from £11m to about £15m for the year, putting the shares on a multiple of about 17. Although this looks high, considering the good cash management and future prospects it is still good value for the medium to long-termers.

London & Manchester declines

By Norma Cohen

LONDON AND Manchester Group, the life assurer, yesterday reported a decline in pre-tax profits from £22.1m to £21.2m for 1991, after a £1.3m exceptional charge against losses on commercial property.

The company also recorded a £15.9m extraordinary loss on commercial mortgages and property development loans – businesses which it has already withdrawn from. After tax relief £11.4m was provided in the accounts.

Earnings per share were 12.87p (13.95p). As expected, the final dividend is unchanged at 9.144p for a total of 13.572p (13.32p).

The percentage of the life fund allocated from policyholders to shareholders has been raised to 17.84 per cent.,

Mr Tom Pyne, group chief executive, said the results reflected a 15 per cent rise in net insurance earnings, the company's core business, offset by losses in commercial lending and other non-life businesses. Net new premiums rose 11 per cent, with most growth occurring from the sale of single-premium products, in line with the industry trend. However, annual premium business also recorded a modest rise.

Reversionary and terminal bonuses have been cut by 3 percent on 10-year life products and by 7.5 per cent on 25-year products. The value of the life funds of London and Manchester Assurance Company, after paying bonuses to with-profits policyholders, was some £100m pre-tax in 1990 – that had grown by about 10 per cent this year.

In mortgage lending, loan loss provisions for 1991 totalled £5.7m, up from £1.1m, and the operation incurred a small trading loss

Sharp recovery at Xtra-vision

Xtra-vision, the Dublin-based video rental chain, made a strong return to profitability in the year to January 31.

With all divisions now trading profitability, the company made a pre-tax profit of I£1.68m (£1.57m), against a I£2.25m loss previously.

Performance in the first two months of the current year had been in line with budget.

Turnover was lower at I£22.9m, against I£26.4m, reflecting the disposal of loss making subsidiaries. Extraordinary charges took I£530,000 (I£16.9m) and earnings per share were 1.13p (2.77p losses).

Oliver losses jump to £10.7m

By Angus Foster

OLIVER GROUP, the shoe retailer which tried unsuccessfully to diversify just ahead of the recession, yesterday announced pre-tax losses sharply increased from £2.68m to £10.7m due to weakening sales, losses on disposals and re-organisation costs.

The results were expected and followed a profits warning in January. The shares fell a further 4p to 55p, compared to last year's high of 126½p.

Turnover fell to £84.9m (£98m) in the year to December 31 as consumer spending dried up.

There was an trading loss of £2.95m (profit £3.48m) as costs continued to rise, mainly reflecting higher rent reviews.

Mr Ian Oliver, chairman, said that last year was the most difficult in memory. He announced exceptional losses of £5.29m to cover falls in the value of some short-lease shops, losses on property sales and re-organisation costs.

Losses per share emerged at 39.43p (earnings 9.54p). The company is not paying a final dividend, although the interim dividend was maintained at 1.07p. Last year's total was 5.82p.

The picture framing division, acquired in 1989, continued to lose money and was sold last month. This incurred an extraordinary loss of £768,000 and took total losses for the year to £10.7m.

The company defended its reserves by revaluing freehold and long leasehold properties, last valued in 1986. This led to a re-valuation surplus of £11.6m, which lifted shareholders' funds slightly to £42.3m (£41.7m).

Oliver also announced that it had bought 21 units from the receiver of Tandem shoes. All these shops are forecast to trade profitably this year, the company said.

Interest cut helps Scholl rise 13%

By Peggy Hollinger

SCHOLL, the supplier of foot and personal healthcare products, climbed 13 per cent to £16.1m at the pre-tax level last year on the back of sharply lower interest rates.

The fall in interest charges, from £4m to £2.1m, had offset the 4 per cent decline in operating profits to £15.7m.

Mr Neil Franchino, chief executive, said interest charges had benefited from the £24.5m rights issue in May. Excluding the rights, the company had moved from debt of £12m at the end of 1990 to net cash of £2m. With the proceeds, Scholl – formerly European Home Products – had net cash of £26m, he said.

This had been achieved by cost-cutting, including the reduction of the workforce by 4 per cent to 1,700. Stock levels had also been decreased by 18 per cent to £21.3m.

Turnover suffered from similar stock-cutting exercises by retailers in northern Europe and adverse exchange rates. Sales fell by £1.4m to £144.4m.

Margins were slightly higher during the year, said Mr Franchino, although this was the result of depressed sales of Scholl footwear. Bad weather between March and May had resulted in a 3.5 per cent decline in shoe sales to £49.4m.

The higher margin corn and bunion plaster business had boosted sales by 5 per cent to £68m, while personal and healthcare sales fell from £30m to £27.3m.

Mr Franchino said the group aimed to expand in the therapeutic healthcare sector, with products such as herbal remedies and over the counter pharmacy products.

Spending on research and development would continue to rise, he said. New products introduced last year, such as the insole deodorant, Odour Attacker, had proved particularly successful in the UK and Italian markets.

Mr Gordon Stevens, chairman, warned that 1992 would continue to be difficult, but said he expected further benefits from cost-cutting.

Earnings per share rose from 10.5p to 13.1p, amply covering the maintained final dividend of 3.5p, which makes an unchanged total of 6p.

Trans World loss reduced to £1.15m

By Raymond Snoddy

TRANS WORLD Communications, the commercial radio group which used to own Miss World, cut pre-tax losses to £1.15m last year compared with £1.84m in 1990.

The group, which runs stations such as Piccadilly Radio in Manchester and Red Rose in Preston, hopes to return to profit this year and begin paying dividends again in 1993.

Mr John Whitney, recently appointed chairman of Trans World, said yesterday that as a result of a successful £12m rights issue and a new management structure he was confident "the group is now on a firm base from which steady progress will be made."

Mr Whitney, a former director general of the Independent Broadcasting Authority, believes that the creation of a Radio Advertising Bureau and the arrival of new national commercial stations will raise radio's profile and increase its share of national advertising.

Turnover fell by 12 per cent to £11.38m although the fall was only 8 per cent when the disposal of Miss World in December 1990 is taken into account.

Market share for the company's four stations, broadcasting 8 services, increased in the final quarter of 1991 by nearly 4 per cent to 25.9 per cent.

Trans World also said that the first quarter this year showed an upward trend in revenue with January and February sales up 46 per cent on the same period in 1991.

Walter Alexander buy-out for £7.4m

Walter Alexander, the Falkirk-based company which is Britain's biggest bus body manufacturer, has been bought out by its management for £7.4m.

It was sold by Spotlaunch, a company formed by the finance house Granville in 1990 to buy Walter Alexander, which was then quoted on the Stock Exchange.

Spotlaunch took the group private in a £42m deal and its peripheral activities were sold off, leaving only the bus manufacturer and Dominick Hunter, a filtration business.

The buy-out was led by Mr Ian Galloway, chief executive, and is backed by institutional investors including Standard Life, Dunedin Ventures, Clydesdale Bank.

Smith New Court warns on new accounting measures

By Andrew Jack

NEW ACCOUNTING standards will force investors and brokers to construct new measures to analyse corporate performance, a circular from Smith New Court, the securities house, warned yesterday.

Earnings per share figures will become far more volatile and force analysts to adjust company data to analyse on-going company profits, which will make their research reports less easy to compare.

Smith New Court's examination of the impact of the proposals being discussed by the Accounting Standards Board is the latest in a series of documents from analysts dealing with the issues raised.

The house says proposals to abolish all but a few extraordinary items will cause profit figures to fluctuate, making earnings per share and dividend cover less important measures.

Cash flow measurement will grow in importance, but it argues that the new cash flow statement, which recently became compulsory, is proving difficult to interpret.

It also suggests that plans to re-introduce current cost accounting on the balance sheet deserve only low priority in an economy experiencing relatively low inflation.

The proposed statement on reserve movements could divert attention from accounts and other financial statements and cause confusion.

Great Southern up 45% despite static death rates

By Graham Deller

GREAT SOUTHERN Group, the USM-quoted funeral director, achieved record results in 1991 despite static mortality rates in the UK.

The 45 per cent rise in pre-tax profits – from £3.22m to £4.68m – exceeded analysts' estimates.

Mr James Smillie, chairman, said the outcome reflected tight control of overheads and debtors, which in turn led to improved margins and cash flow. Gearing was reduced from 123 per cent to 96 per cent.

The core funeral services side contributed operating profits of £4.34m (£3.8m) on turnover ahead from £18.9m to £20.3m.

Higher overall volumes were behind a rise to £1.39m (£1.1m) in crematoria and cemeteries operating profits. Turnover rose to £4.82m (£4.23m).

Ancillary services put in operating profits of £575,000 (£288,000) on turnover of £2.59m (£2.03m), attributable mainly to the continued growth of Chosen Heritage, the group's pre-paid funeral scheme.

Fully diluted earnings per share jumped 47 per cent to 21.6p (14.7p). A proposed final dividend of 6.7p lifts the total for the year to 10p (8.5p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Assoc Fisheries	fin	6	May 14	6	7	7
Baird (William)	fin	5.35†	July 2	5.35	8.9	8.9
Barry Wehmiller	int	2.4†	June 2	2.4	-	6.7
Brooks Service	fin	2.75	May 22	3.81	4.05	5.75
Campari Intl	fin	9	June 1	8.5	12	11
Dawsongroup	fin	1.5	Jun 26	1.5	1.5	1.5
Gardner(DC)	fin	nil	-	3.2	nil	4.5
Gowrings	fin	1	June 4	1	2	3.25
Great Southern §	fin	6.7	June 10	5.5	10	8.5
Hewden Stuart	fin	2.285	July 14	2.175	3.15	3
Home Counts News	fin	5.5	May 22	5.5	8.25	8.25
Ldn & Manchester	fin	9.144	June 5	9.144	13.572	13.32
Manchester Utd	int	6	May 15	-	-	-
Oliver Group	fin	nil	-	4.75	1.07	5.82
Redland	fin	16.75†	July 1	16.75	25	25
Scholl	fin	3.5	May 18	3.5	6†	6
Scot Heritable	fin	nil	-	nil	nil	1.5
Spirax-Sarco	fin	6.3	June 8	6	9	8.7
Sun Alliance	fin	9	July 1	9	14.25	14
Telemetrix	fin	0.6	July 2	0.6	0.6	0.6
Tilbury Douglas	fin	22.5†	June 3	22.5	33	33

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

NOTICE OF ADJOURNED MEETING OF THE HOLDERS OF SERIES III DEBENTURES TO MATURE JANUARY 1, 1995 OF CANADIAN TURBO INC. (FORMERLY TURBO RESOURCES LIMITED)

NOTICE is hereby given that the meeting of the holders of the Series III Debentures to mature January 1, 1995 (hereinafter referred to as the "Debentures") of Canadian Turbo Inc. (hereinafter referred to as the "Company") issued under a trust indenture (hereinafter referred to as the "Trust Indenture") dated as of the first day of January, 1985 made between the Company and Montreal Trust Company of Canada as trustee, as restated and amended as of October 5, 1988, scheduled to be held in London, England on March 26, 1992 at the hour of 10:00 o'clock in the forenoon (local time) has been adjourned and will be held at the offices of Stikeman, Elliott, Third Floor, Cottons Centre, Cottons Lane, London, England on Wednesday the 15th day of April, 1992 at the hour of 10:00 o'clock in the forenoon (local time) for the purpose of considering and if thought fit passing as an extraordinary resolution pursuant to the provisions of the said Trust Indenture the resolution described in the prior notice of meeting published on February 25, 1992.

The only persons who shall be recognised at the adjourned meeting or any further adjournment thereof as the holders of any Debentures or as entitled to vote or be present at the adjourned meeting or any further adjournment thereof shall be the persons who produce Debentures and/or voting certificates at the adjourned meeting or any further adjournment thereof or their duly appointed proxies. Instructions and forms for depositing Debentures, forms of voting certificates and other information may be obtained on application to any of the depositories at the addresses set forth below.

Those Debentureholders present in person or by proxy at the adjourned meeting shall form a quorum and may transact the business contemplated by this notice and the said prior notice.

For the convenience of Debentureholders unable to attend the adjourned meeting, proxies and voting certificates may be sent to Montreal Trust Company of Canada, c/o Royal Bank of Canada Europe Limited, 71 Queen Victoria Street, London, England EC4V 4DE, Attention: Giselle Warman and in order to be relied upon must be received at such address on or prior to the business day immediately preceding the date of the adjourned meeting.

Dated the third day of April, 1992.

MONTREAL TRUST COMPANY OF CANADA
Trustee
411 - 8th Avenue S.W.
Calgary, Alberta
T2P 1E7

The depositories contemplated by the above mentioned notice are as follows:

Montreal Trust Company of Canada
Attention: Corporate Trust Department

- 411 - 8th Avenue S.W.
Calgary, Alberta
Canada T2P 1E7
- Place Montreal Trust
1800 McGill College Avenue
Montreal, Quebec,
Canada H3A 3K9
- 15 King Street West
Toronto, Ontario
Canada M5H 1B4
- 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London, England EC4V 4DE

Credit Suisse
Paradeplatz 8
CH 8021, Zurich, Switzerland

Banque Générale du Luxembourg S.A.
14 rue Aldringen
L-2951 Luxembourg

Morgan Guaranty Trust Company of New York
rue de la Regence 4
B-1000 Brussels, Belgium

Cedel S.A.
67 boulevard Grande-Duchesse Charlotte
P.O. Box 1006
L-1010 Luxembourg

COMPANY NEWS: UK

Resilient Spirax-Sarco ahead 2%

By Richard Gourlay

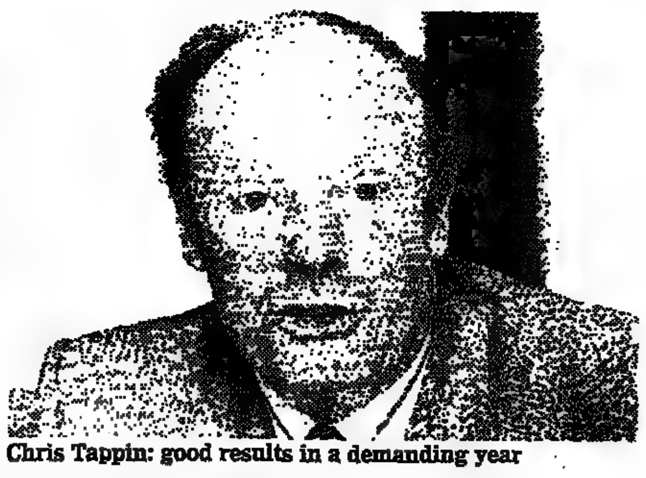
SPIRAX-SARCO Engineering, the international steam engineering company, yesterday demonstrated the resilience of its international spread of markets by reporting profits up 2 per cent last year.

Pre-tax profits rose from £22m to £22.5m on sales up 6.8 per cent at £158.3m (£148.2m). The 1990 figures have been restated to take into account the re-emergence of hyper-inflation in South America.

Earnings per share rose 0.2p to 18p and the company surprised the market by increasing the final dividend to 6.3p (6p) to give a total for the year of 9p, up 3 per cent.

Mr Chris Tappin, chairman, said the results were good in a demanding year when the group lived up to its reputation for consistent performance.

Spirax had a particularly strong second half, partly due to the inclusion of Watson-Marlow, the peristaltic pump maker, which it acquired in 1990, and partly through cost savings.



Chris Tappin: good results in a demanding year

Sales in the steam speciality business, which accounts for 85 per cent of sales, were stable at last year's levels but the group increased margins.

The South American businesses improved, with Argentina contributing a significantly increased profit.

Interest charges doubled to £2.2m, following the Watson-Marlow acquisition. But debt was only marginally higher at the year-end at £17.4m after strong second-half cash flow and a lower dollar rate. Gearing fell from 28 to 25 per cent.

COMMENT

In an uncertain world there is something reassuringly predictable, like mother's cooking, about Spirax's performance. Behind this British engineering company is a stranglehold on a world market and a conservative approach that might have something to do with the Cheltenham air where the company is based. Thus, it has chosen to recognise higher sales and lower profits for its South American businesses because of a resurgence of hyper-inflation and it is playing down the significance of surprisingly strong recovery in the second half of last year. Like Weir Group, Spirax is also blessed with a highly visible profits stream, more than half of turnover coming from replacement sales for equipment already installed. The corollary is that once recovery sets in, Spirax may appear relatively unexciting. It remains, therefore, a stock for those cautious about the UK market and economic recovery and those uncertain that now is the time to be buying the cyclical recovery stocks. Pre-tax profits of £24m this year, giving earnings per share of 20p, give an undemanding prospective multiple of about 13.

Defence spending trims Man Utd profits

By Jane Fuller

SPENDING ON two players reduced pre-tax profit at Manchester United by 19 per cent, from £3.92m to £3.17m, in the six months to January 31 1992.

Before the £2.23m net outlay on Paul Parker (defender) and Peter Schmeichel (goalkeeper), the football club – which floated last May – increased profit by 39 per cent to £5.41m. Transfer spending in the first half of last year was negligible.

The club, which heads the first division, had £12.8m cash in hand on January 31. Only half of this was raised via last May's flotation.

Turnover increased to £12.4m (£10.4m) as prices were raised and the average attendance at each league match moved up to 44,840 (43,242). Gate receipts accounted for 53 per cent of sales. Next most important were £1.76m of television fees and £1.64m in sponsorship and royalties.

Mr Robin Launders, finance director, said that £522,000 was taken on average at each home game, compared with £382,000 last season.

The estimated cost of building a new stand at the Old Trafford ground had been cut from £12m to £10.5m through reducing the executive and VIP accommodation. It is due to open next June.

Mr Launders said that although capacity would fall to 34,000 at the start of next season, price rises of about 30 per cent would more than compensate for the loss of volume.

Mr Martin Edwards, chief executive, said that most of the games and television appearances had fallen in the first half of the year. The club had no immediate plans to buy players.

To smooth out the impact of transfers on earnings, the club has set up a reserve fund. After taking £750,000 from this, earnings per share fell to 24p (28.6p). Before this movement, earnings were 17.9p.

The interim dividend is 6p and the board intends to pay a total of at least 17.4p.

Dawsongroup revived as rentals move into black

DAWSONGROUP, the commercial vehicle sales and hire and fleet truck rentals concern, staged a recovery in the 12 months to December 31 with pre-tax profits of £1.13m replacing a loss of £392,000.

Turnover was down from £48.3m to £43.7m, reflecting the closure of Dawsoncar during the first half of 1991; turnover on continuing activities was virtually unchanged.

Mr Peter Dawson, chairman, said the trading result represented a respectable achievement in demanding circumstances. Businesses had been loath to invest or enter into long-term commitments and that had resulted in a fall of 23 per cent in new commercial vehicle sales and in poor demand for contract hire.

However, the rentals division virtually reversed its 1990 loss of £993,000 with a pre-tax profit of £982,000.

A 24 per cent cut in net interest costs from £6.72m to £5.13m and increased rental margins had been factors in the performance.

Mr Dawson said that there were some signs that the short term hire fleet utilisation was continuing to improve.

Earnings per share were 2.7p (losses of 1.1p. The dividend is unchanged at 1.5p.

Acquisitive Telemetrix advances 21% to £4.5m

By Peter John

TELEMETRIX, the electronics and information systems group, reported a 21 per cent boost in profits for 1991 and announced that it was looking for further growth through acquisitions.

The pre-tax figure jumped from £3.69m to £4.48m on turnover ahead at £83.7m (£72.5m). Earnings per share worked through at 2.1p (2p).

The annual dividend is held at 0.6p.

The company said it had managed to buck the recessionary trend in Europe, Japan and the US – from where it generated more than half its turnover last year – through £1.2m of cost cutting, debt reduction and the improved performance of GTI, its US subsidiary.

Mr Tim Curtis, the new chief executive, said that the company was considering potential additions in the £5m to £20m range but had "nothing on the stocks at the moment".

Having cut net debt from £7.6m to £4.8m it is expected to set its sights on targets within its "core business area", particularly those involved in Local Area Networks, the linking of personal computers within organisations as opposed to via a national database.

Hunter Saphir to sell offshoot to Northern for £7.7m

By Maggie Urry

HUNTER SAPHIR, the fresh produce and herbs and spices group, is selling Matthew Walker, its Christmas pudding subsidiary, to Northern Foods, the dairy, convenience foods, meat and grocery group, for £7.7m. The sale is conditional on shareholders' approval and clearance by the competition authorities.

Hunter said the disposal was part of its strategy of concentrating on its core businesses. The cash raised will be used to reduce debt. Walker had been bought in January 1987, and was in Hunter's February 1991 balance sheet at £3.7m.

Northern, which makes own-label Christmas puddings at its Gunstones factory in Sheffield, said that Walker would strengthen its market position.

In the 1990-91 year Walker made an operating profit of £918,000 on sales of £9.3m.

Hunter's shares were unchanged at 46p; Northern's fell 3p to 527p.

NOTICE OF NOTEHOLDERS' MEETING

Government Insurance Office of New South Wales

A$50,000,000
14¼ per cent. Notes due 19th November, 1993

GIO Australia Holdings Limited (the "Issuer") hereby gives notice to the holders of Government Insurance Office of New South Wales' ("GIO") A$50,000,000 14¼ per cent. Notes due 19th November, 1993 (the "Notes") that a quorum was not present at the Meeting of Noteholders held on 31st March, 1992.

Pursuant to the provisions for Meetings of Noteholders contained in the Fiscal Agency Agreement, the Issuer gives notice to the holders of the Notes that an adjourned Meeting of Noteholders at which the quorum shall be two or more persons present in person holding the Notes and/or voting certificates and/or being proxies or representatives (whatever the principal amount and/or the Notes so held or represented by them) will be convened at the offices of Westpac Banking Corporation at Westpac House, 75 King William Street, London, EC4N 7HA (which place has for this purpose been approved by the Fiscal Agent) on Wednesday, 15th April, 1992 at 10.30 am London time in order to consider and vote upon the following Extraordinary Resolution proposed by the Issuer:

THAT the Terms and Conditions of the Notes be and they are hereby modified:

(a) by deleting the wording of Condition 2(b) of the Terms and Conditions of the Notes in its entirety and re-numbering Condition 2(a), Condition 2, accordingly;

(b) by deleting the words ", except in connection with a scheme for the transfer of the whole or substantially the whole of its undertaking, assets and obligations to its successor in business being a statutory corporation incorporated in, or a company whose share capital is wholly-owned by, the State of New South Wales, Australia" in paragraph (vi) of Condition 8 of the Terms and Conditions of the Notes; and

(c) by deleting the whole of paragraph (vii) of Condition 8 of the Terms and Conditions of the Notes and replacing the wording with "the Issuer ceases or threatens to cease to carry on its business, or disposes of all or a substantial part of its assets or undertaking by one or more transactions or series of transactions (whether related or not) save for (i) in the ordinary course of its business or (ii) to any wholly-owned subsidiary of it; or ".

Terms used in the Terms and Conditions of the Notes bear the same meaning in this notice. The provisions governing the convening and holding of the meeting are set out in the Fourth Schedule to the Fiscal Agency Agreement, a copy of which is available for inspection at the specified office of the Fiscal Agent. Only bearers of Notes, voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Noteholder wishes to vote he should attend in person, or deposit his Note(s) with a Paying Agent no later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Noteholder.

If a Noteholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Note(s) with a Paying Agent no later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Note(s) should be cast for or against the resolution. Such Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Euro-clear and CEDEL to whom Notes are credited in the relevant clearing system (excluding Euro-clear and CEDEL themselves to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system how the votes attributable to such Notes should be cast in time for the relevant clearing system to inform a Paying Agent no later than 48 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law

Fiscal Agent
Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal, L-2955 Luxembourg

3rd April, 1992

NOTICE OF NOTEHOLDERS' MEETING

Government Insurance Office of New South Wales

A$65,000,000
15½ per cent. Notes due 2nd August, 1993

GIO Australia Holdings Limited (the "Issuer") hereby gives notice to the holders of Government Insurance Office of New South Wales' ("GIO") A$65,000,000 15½ per cent. Notes due 2nd August, 1993 (the "Notes") that a quorum was not present at the Meeting of Noteholders held on 31st March, 1992.

Pursuant to the provisions for Meetings of Noteholders contained in the Fiscal Agency Agreement, the Issuer gives notice to the holders of the Notes that an adjourned Meeting of Noteholders at which the quorum shall be two or more persons present in person holding the Notes and/or voting certificates and/or being proxies or representatives (whatever the principal amount and/or the Notes so held or represented by them) will be convened at the offices of Westpac Banking Corporation at Westpac House, 75 King William Street, London, EC4N 7HA (which place has for this purpose been approved by the Fiscal Agent) on Wednesday, 15th April, 1992 at 11.00 am London time in order to consider and vote upon the following Extraordinary Resolution proposed by the Issuer:

THAT the Terms and Conditions of the Notes be and they are hereby modified:

(a) by deleting the wording of Condition 2(b) of the Terms and Conditions of the Notes in its entirety and re-numbering Condition 2(a), Condition 2, accordingly;

(b) by deleting the words ", except in connection with a scheme for the transfer of the whole or substantially the whole of its undertaking, assets and obligations to its successor in business being a statutory corporation incorporated in, or a company whose share capital is wholly-owned by, the State of New South Wales, Australia" in paragraph (vi) of Condition 8 of the Terms and Conditions of the Notes; and

(c) by deleting the whole of paragraph (vii) of Condition 8 of the Terms and Conditions of the Notes and replacing the wording with "the Issuer ceases or threatens to cease to carry on its business, or disposes of all or a substantial part of its assets or undertaking by one or more transactions or series of transactions (whether related or not) save for (i) in the ordinary course of its business or (ii) to any wholly-owned subsidiary of it; or ".

Terms used in the Terms and Conditions of the Notes bear the same meaning in this notice. The provisions governing the convening and holding of the meeting are set out in the Fourth Schedule to the Fiscal Agency Agreement, a copy of which is available for inspection at the specified office of the Fiscal Agent. Only bearers of Notes, voting certificates and proxies named in a block voting instruction may vote at the meeting.

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This notice is governed by, and shall be construed in accordance with, English law.

Fiscal Agent
Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal, L-2955 Luxembourg

3rd April, 1992

NEWS DIGEST

Associated Fisheries dips to £1m

PRE-TAX PROFITS at Associated Fisheries fell from £3.39m to £1.02m in 1991, and there was a £5m loss at the attributable level. However, the dividend total is held at 7p.

Mr Keith FitzGerald, chairman, said that taking account of the satisfactory financial position and the non-recurring nature of certain factors last year, the final will again be 6p. Earnings slumped from 12.64p to 2.86p.

The group has decided to provide an extraordinary £5.5m because it feels it may have to withdraw from the investment in Macfish, following Geest's announcement that it intended to seek withdrawal in respect of its 50 per cent shareholding. Attributable pre-tax profit from Macfish collapsed from £340,000 to £2,000.

Turnover dipped to £83.6m (£85.1m) and operating profits fell to £1.83m (£4.05m).

Brooks Service slumps to £0.6m

The recession, a substantial reorganisation, and heavy expenditure on training and quality improvement hit Brooks Service Group in the 12 months to December 28.

This textile and retail services combine saw sales fall to £23.8m (£25.4m), operating profit more than halve to £1.11m (£2.47m), and pre-tax profit slump from £1.51m to £645,000.

Earnings per share were 3.6p (8.7p) and the final dividend is cut to 2.75p (3.91p) for a total of 4.05p (5.75p).

The profit included £24,000 exceptional credits (£330,000 charges), being recompense of £175,000 for relocating a retail shop, less rationalisation costs in rental services, including redundancies, of £151,000.

Storehouse holders exercise put option

Holders of the 4.5 per cent convertible bond issued in 1987 by Storehouse, the retail group, have exercised their put option forcing the company to redeem the bonds. The redemption price is 29.17 per cent above par value.

Storehouse had bought in £41m of the £69m issue, and holders of £27.8m nominal of the bonds have exercised their puts. A few of the bonds are still outstanding.

The cost of redeeming these bonds is just under £36m, which the group has financed from existing facilities. The March 1991 balance sheet was ungeared and analysts expect the balance sheet for the year just ended will show single-figure gearing.

Assoc Nursing in deals worth £4.8m

Intercare Group has paid £2.6m cash to acquire SAFA, a leading supplier of products to the occupational health market, from Associated Nursing Services, the USM-quoted nursing homes specialist.

ANS has also entered into a three year supply agreement with SAFA covering the supply of medical products for nursing homes owned by ANS.

At the same time, ANS announced that it had bought Chestnut Court Nursing Home for £2.18m in a joint venture with Barclays de Zoete Wedd. ANS has managed the 120 bed-roomed home, of which 30 are occupied, throughout its existence. BZW has guaranteed a working capital facility to equip all the 120 beds at the home.

Overseas side puts Campari on £5.3m

Campari International, the sporting leisure wear group, again benefited from its expansion into continental Europe with pre-tax profit ahead 10.5 per cent in 1991.

For the 13 month period, turnover rose 37 per cent to £53.7m (£39.3m). Overseas accounted for 67 per cent, against 58 per cent, with particular advances in Benelux and Germany.

Profit came to £5.27m (£4.77m). Earnings were 39.24p (37.39p) per share and the dividend is raised 1p to 12p, with a final of 9p.

Wm Sinclair buy and vendor placing

William Sinclair, the garden products manufacturer, has acquired Secto for an initial £5m and a contingent deferred consideration of £1.6m.

Approximately 70 per cent of Secto's business is in the pet care and gardening markets with 30 per cent in household products.

The initial sum will be satisfied as to £4.25m by the issue of 1.63m new shares to the vendors, which have been placed with institutional clients of Hoare Govett. The balance will be satisfied by the issue of 273,523 new Sinclair shares at 274.2p apiece.

In the year to September 30 pre-tax profits of Secto amounted to £169,000 on turnover of £2.83m, or £699,000 after taking account of non-recurring directors emoluments and exceptional expenditure.

Gowrings incurs £953,000 deficit

Gowrings, which runs motor dealerships, park homes and restaurants, finished 1991 with a pre-tax loss of £953,000, including exceptional charges of £342,000.

That compared with a deficit of £432,000 in 1990, which took in exceptional credits of £80,000.

Mr John Fowles, chairman, said the second half trading loss fell to £230,000, against £381,000 in the opening period.

The final dividend is held at 1p, although that still leaves a cut in the year's total, from 3.25p to 2p. Losses per share were 10.6p (4.5p).

Benefiting from reorganisation, the motor side made a trading profit of £314,000, against a loss of £191,000 which included £156,000 attributable to the sold Fleetlease.

The leisure division incurred a trading loss of £236,000, compared with a profit of £160,000.

Home Counties pays uncovered dividend

Pre-tax profits at Home Counties Newspapers Holdings declined sharply, from £2.89m to £1.06m, in the year to December 31, though turnover expanded by £1m to £21.5m.

Following a proposed final dividend of 5.5p, the unchanged 8.25p total is uncovered by earnings of 7.16p per share. Earnings in 1990 came to 18.5p.

Profits of this printer and publisher, already halved at the operating level to £735,000 (£1.4m), were further affected by a fall in investment income to £778,000 (£1.49m) and by exceptional charges, mostly relating to redundancy costs, of £458,000.

Reduced losses of £1.16m for Carlisle

Reduced pre-tax losses of £1.16m were announced by Carlisle Group, the property services company, for 1991. In the previous year the loss was £5.43m.

Losses per share emerged at 3.2p (25.9p).

BENETTON GROUP SpA

Registered office: Via Villa Minelli, 1
Ponzano Veneto (TV), Italy
Issued and fully-paid capital: Lire 81,778,862,500
Treviso Company Register No. 4424

NOTICE OF MEETING

Notice is hereby given that the Stockholders' Annual General Meeting of Benetton Group S.p.A. will be held, in first calling, at 10.30 a.m. on April 29, 1992, at Via Villa Minelli, 1, Ponzano Veneto (TV), Italy, and in second calling, if necessary, at the same time and place on April 30, 1992.

AGENDA

1. To receive the reports of the Board of Directors and the Board of Statutory Auditors;
2. To examine the balance sheet and the profit and loss account as of and for the year ended December 31, 1991: related resolutions;
3. To re-elect the Board of Directors, determining their number and their term of office;
4. To determine the annual remuneration of the Board of Directors;
5. To appoint a Statutory Auditor;
6. To revise the annual remuneration of the Board of Statutory Auditors, following the takeover by merger of Benetton S.p.A. by Benetton Group S.p.A.;
7. To re-appoint the independent auditors for the years 1992, 1993 and 1994 and fix their remuneration.

Registered Stockholders may attend the Meeting if they deposit their shares, at least five days beforehand, at the registered office of the Company or with one of the following agents: Monte Titoli S.p.A., Banca Commerciale Italiana, Banca Nazionale del Lavoro, Credito Italiano, Banco di Roma, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco di Napoli, Banco di Sicilia, Cassa di Risparmio delle Provincie Lombarde, Banco di Santo Spirito, Istituto Bancario Italiano, Banca Popolare di Novara, Banca Nazionale dell'Agricoltura, Banca d'America e d'Italia, Banco Ambrosiano Veneto, Banco Lariano, Banca Popolare di Milano, Credito Romagnolo, Banca Popolare di Verona, Banca di Trento e Bolzano, Banca Popolare Veneta, Banca Popolare Friuladria, Cassa di Risparmio della Marca Trivigiana, Banca Antoniana di Padova e Trieste, Banca Popolare di Asolo e Montebelluna, Morgan Guaranty Trust Company, Deutsche Bank A.G., Barclays Bank PLC, Société Générale, Banca della Svizzera Italiana.

Gilberto Benetton
Chairman of the Board of Directors

FINANCIAL TIMES SURVEY

Momentum will be the key question after the recession: Page 2

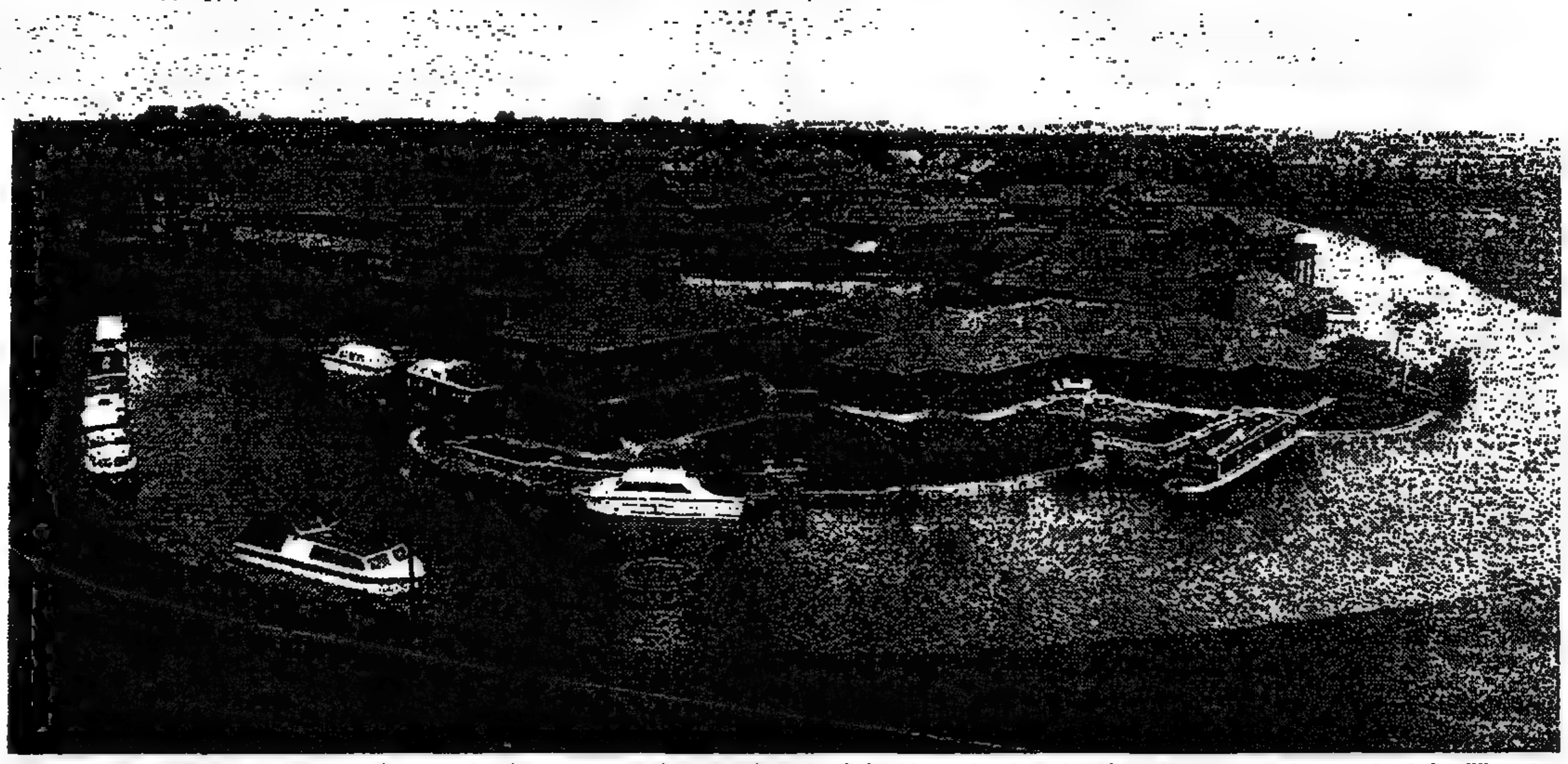
MILTON KEYNES

The Open University is one of the largest in the world: Page 5

Friday April 3 1992

Milton Keynes poses the question of whether in Britain a complete city can ever be built from scratch. The experiment is unlikely to be repeated in the 1990s whichever political party or parties gain power. It may not be Venice or even Bath; but by its own lights it has worked. **Stewart Dalby** reports

Successes on many fronts



City in the country: To criticise planners because they have not created another Oxford or Bristol is to miss the point. Milton Keynes was always going to be different

IT was difficult not to feel a twinge of sympathy for the Milton Keynes Development Corporation last month as its officers cleared their desks, put their books and papers into packing cases, and decided which of the hundreds of potted plants to take with them.

The development corporation was wound up on March 31 after 25 years. It has achieved notable successes on many fronts in creating a city – a city in the country as it has been termed – out of three small towns and 13 villages spread over 33 sq miles of Buckinghamshire.

Yet, Milton Keynes continues to produce an ambivalent attitude in people who visit and comment on it. One writer quoted Gertrude Stein's remark about Oakland in California, saying that there is no there there.

Mr Colin Amery, the architecture critic, wrote recently in this newspaper about the city and its new ecumenical church, saying: "There is a brand new ecumenical church with its dome at the centre... this dome ought to have been bigger. The dome does not do what domes are meant to do and sail over the lower buildings. Instead, it looks as though it tried to rise above its surroundings but sighed so deeply that it sank down again. That somehow sums up what I feel about Milton Keynes – it ought to have been wonderful but it isn't."

Everyone feels obliged to mention the concrete cows. These are in a field visible from the trains from London. They were a gift from a visiting US sculptress, Liz Leyh. Somehow they have come to symbolise the absence of life in central Milton Keynes.

In short, the lack of downtown bustle, busy street life, urban presence – or whatever it is that gives a city heart – is seen as meaning that Milton Keynes has not become a truly three-dimensional city where people can happily live, work and play.

Milton Keynes, more than any other new town started in the 1950s and 1960s, poses the question of whether in Britain, where we traditionally view our population centres as old *organisms which evolve* and expand naturally, a completely new city can be built from scratch. Perhaps you inevitably end up with a garden suburb which, although pretty, lacks soul.

Certainly, if you like a city to have a public house on every corner, and its streets to be dirty and choked with traffic, then Milton Keynes is not for you. Perhaps for the *cognoscente* the city is not architecturally what they might wish it to be.

But to criticise the planners at the development corporation because they have not created another Oxford or Bristol is to miss the point.

Milton Keynes was always going to be different. It was going to hark back to the idealism of the first new towns early this century: towns like Welwyn Garden City and Letchworth which envisaged low-density housing in rural or garden settings. But, at the same time, it was going to be big and balanced enough to reach a *critical mass of its* own.

Importantly, it was going to contrast with many of our other cities which had grown haphazardly since the 19th century in that it could cope with that 20th century phenomenon the motor car.

The new town ideal underwent a perversion in the middle years of the century. In order to accommodate overspill populations from the big cities while they were cleared of slum housing, a large number of new towns were created. Often they were old market towns with bits of housing and industry bolted on in a higgledy-piggledy way.

Many people were decanted into the new housing unwillingly, creating a single class of workers, while managers and owners lived in the surrounding countryside. The anticipated population explosion of the 1950s, in the big cities such as London, never materialised. Some of the new towns only managed to grow to about *80,000. This was not enough to* develop sufficient support services or amenities. New town blues became a 1960s phenomenon.

Milton Keynes, which was the last of the new towns to be commissioned in 1967, would avoid all this by getting the size and balance right by means of a comprehensive plan.

The city – Milton Keynes is, in fact, not officially a city although it has always called itself one – would be built on an American-style system of grid roads. Within the grids, there would be a balanced range of housing, retailing and social amenities.

Workers would live alongside bosses. Nobody would need more than 10 minutes to get to work. And everyone could go home for lunch, if they wanted to, or, alternatively, go shopping. The original villages and towns were to be drawn into this multi-centred city. The central business district would be left until last.

A parallel system of "redways" or walkways, adjacent to and beneath the roads, would mean that pedestrians and cyclists could move about the city without interfering with motor traffic.

No buildings were to be above tree height, so when the 13m trees and shrubs planted in the landscape grew up it would not feel like living in a city at all. There is no overhead cabling.

All this was seen as possible because it was launched at a time when a totally planned environment was believed desirable, massive public spending was almost an article of faith and social engineering on an enormous scale had not become discredited. It is difficult to see the experiment of Milton Keynes being repeated in the 1990s whichever political party or parties gain power.

On its own terms, Milton Keynes has not been a failure. The population has grown from 40,000 to 152,000 over the *25 years, and nearly 70,000 jobs* have been created. More than 2,500 companies have been attracted. Because they represent a wide spread and only 15 companies employ more than 500 employees, Milton Keynes has weathered the recession better than many places. Unemployment, at 7 per cent, is below the average for the south-east.

Traffic moves around at an average speed of 40mph. This compares with 11mph in London.

Just about everyone you talk to likes being in Milton Keynes. Mr Simon Cuthbertson, a partner in Coopers & Lybrand, Deloitte says: "I am very happy with the lifestyle here. I live in a village in the country, but I am in the office in 10 minutes.

"I can always park. I can drive to Heathrow in an hour and I am going to the Festival Hall in London tonight. I will be there in just over an hour, door to door."

Mr Kyoshi Watano, managing *director of Alps Electric*, one of the 43 Japanese companies in Milton Keynes, says: "I like the transport situation here. It is so easy to get around Milton Keynes and so easy to see my customers elsewhere in the country."

For many of those who have moved in there is little inclination to return to their former home areas. "I came here 14 years ago because the housing was so cheap and there was work. I would never go back to Southall. This is marvellous for the kids. I tried to persuade others in my family to move out," Mr Samsar Dhuynay, who has a young family and describes himself as a railwayman, says.

Milton Keynes does have its minus points. You could not be without a car.The city centre could do with more amenities, particularly a theatre or concert hall, though it does have a large multiplex cinema, The Point.

It may not be Venice or even Bath, but by its own lights it *has worked. A more interest*ing question is whether without the development corporation to drive it along it will continue to grow and become rounded out.

The government technically still owns 3,500 acres, an area in itself bigger than some existing new towns.

IN THIS SURVEY

☐ Editorial production: Phil Sanders

The Milton Keynes Development Corporation has been the driving force behind the establishment of the city. But the corporation has been wound up since March 31, so where does Milton Keynes go from here?

In the early days – the corporation was set up in 1967 – the MKDC's activities were all-embracing. It bought up all the land which was not being used, about 18,000 acres. It serviced the land, putting in primary infrastructure such as sewerage and water. It built roads on a grid pattern and a parallel system of walkways and cycle paths, known as Redways.

It constructed houses, factories, offices and shops. It built parks, social centres and sports facilities. In all, it is estimated 13m trees, plants and shrubs have been planted throughout Milton Keynes.

Private developers became interested as commercial rates of return were achievable on speculative building of offices and houses and the development corporation latterly became more of a catalyst

Not only did the MKDC have government money at its disposal, it also had planning rights. Land was sold on to developers. Offices were disposed of to tenants where possible and shops and other commercial amenities to institutions. Postel, a trade union pension fund, bought the half mile-long covered shopping centre in central Milton Keynes, for example.

☐ THE DEVELOPMENT CORPORATION

Momentum is key question

Mr Frank Henshaw, general manager of the corporation before it was wound up, estimates that about £1bn of government money at historic cost has been pumped into Milton Keynes over the the 25 years of the corporation's life.

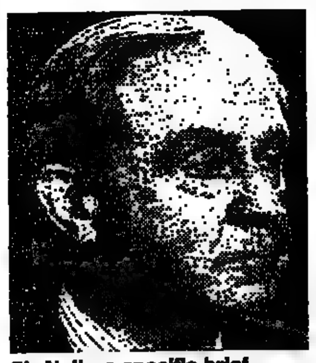
This money came in the form of loans from the government. Virtually all of the £1bn has been paid back from the proceeds of asset sales. Mr Henshaw estimates that if certain deals on land go through, then the money paid to the government will exceed £1bn.

The figures are not strictly comparable since the outlay is at historic cost and certain loans were written off in the mid-eighties. Receipts are more recent and in some cases at current cost.

However, by the end of the century, total private and public sector investment could exceed £5bn. This is because although the development corporation has been wrapped up it is handing on considerable assets.

To date it is estimated that private sector investment in Milton Keynes has been about £2bn at historic cost.

The key question is whether the momentum will continue after the recession and without the development corporation to act as handmaiden to developers and businesses.



Sir Neil : a specific brief.

Frank Henshaw: driving force

Mr Henshaw has no doubt that Milton Keynes will be developed further along the lines already established

He says: "If you had asked me two years ago whether the outstanding land would be developed in the same way as the rest of Milton Keynes, I would have had my doubts. At that stage the local authorities had different ideas to us about the way forward.

"Since then, we have serviced all the outstanding land and gained planning consents for much of it. There is a tremendous commitment among the local authorities and the business community that Milton Keynes should continue to grow."

The main commercial assets which the corporation is passing on are being taken over by the Commission for New Towns (CNT). This is the government agency charged with realising the outstanding assets of all the new towns: there were 21 new towns in Britain excluding those in Scotland. Milton Keynes is the last of the new towns to be wound up.

The CNT estimates that over the years the government invested some £4bn, at historic cost, in the new towns. It is a measure of the size of Milton Keynes development that about one quarter of these funds has gone into this single new town.

The outstanding assets are also on a grander scale than those of the other new towns. There is relatively little built property to be disposed of, either let or sold – about 500,000 sq ft of offices and factories. But there is 2,000 acres of land which is serviced and has specific planning consents. There is a further 1,500 acres which is serviced but does not have planning agreements as yet.

This land, with the right mix of housing, offices and factories, could accommodate another 50,000 people.

Sir Neil Shields, chairman of the CNT, is sure that Milton Keynes will continue to grow once the recession is over.

He says: "The development corporation has done a terrific job in developing Milton Keynes, especially when you consider they were not able to offer grants or other incentives. But there comes a time when a new town ceases to be a new town and achieves a critical mass.

"You need government money to prime the pump at first, put the roads in and so on. Developers generally won't do that. But then the private sector takes over. The Milton Keynes Development Corporation has done such a good job it has put itself out of a job."

But Sir Neil says the government has accepted that there is still a lot that could be done.

"There is an awful lot of land still left," he says. "There is ample scope for the population to grow to 200,000 by the end of the century. The factors which made Milton Keynes attractive still exist. Its position between London and Birmingham and on the M1 is excellent. Housing is still cheap, relatively speaking, and more houses will be built. It is a question of waiting for this recession to end."

The CNT has been given a specific brief for Milton Keynes. It will not just be trying to realise the assets by disposing of them at the best market price but actively developing the land in line with the master plan. It is being given special funds for promotion which are being ring fenced. These run to several million pounds a year, according to Sir Neil, and are in addition to the money being spent by MK Marketing, the development agency established to succeed the development corporation.

MK Marketing and the CNT are hoping to pick up where the corporation left off. The CNT, unlike the corporation, will not have planning powers. These go to the borough council. But since much of the land already has planning consents, this hardly matters.

Stewart Dalby

Mary Archer: promoting home energy efficiency

☐ ENERGY CONSERVATION

Pioneering efficiency

MILTON KEYNES is mercifully free of energy-related eyesores such as coal mines, power stations or large gas-holders. But the city has steadily acquired a reputation as the place where buildings – homes, offices and light industry – use energy more efficiently and cleanly than anywhere else in Britain.

It has also pioneered a system for measuring and comparing the energy efficiency of buildings which is being adopted in many other parts of Britain and is being recommended by central government.

The city's energy reputation will take another step forward this year when work starts on the construction of a National Energy Centre alongside the A5 main road.

The 60-acre centre, to be called Odyssey, will contain exhibition halls, conference facilities and a theme park which is expected to draw at least 500,000 visitors a year, many of them schoolchildren. It will explain energy with some of the techniques associated with the much bigger Epcot centre, the scientific Disneyland, at Orlando, Florida.

The Energy Experience will have a strong environmental theme, showing the link between energy use and global warming.

Mr Richard Tinson, director of the Milton Keynes-based National Energy Foundation, which is in charge of the project, says work on the £25m complex will start this summer.

Support is being canvassed from national and regional power utilities and collaboration is being explored with the Science Museum in London.

The conference and business facilities will be completed in 55 weeks – Wimpey is the main contractor – and the theme park is due to open in 1994. It will also become the permanent address of the National Energy Foundation, a non-governmental charitable foundation which has assisted the energy work of the Milton Keynes Development Corporation.

Mr Tinson joined the foundation in January from Shell UK where he had been chairman and managing director of Emstar, one of the country's biggest energy management contractors, recently sold to Associated Heat Services. The foundation's chairman is Mrs Mary Archer, the Cambridge university solar energy authority and wife of novelist Jeffery Archer.

The site is part of the Energy Park, a 300-acre area, where most of Milton Keyens's pioneering buildings have been established. The Park contains 1,200 energy-efficient homes and several commercial and light industrial buildings.

There are 10 facilities throughout the country to train people in use of the NHER scale

The Odyssey project will set the seal on Milton Keynes's emergence as a centre of excellence for energy-efficient housing.

The city's prestige stems not only from its buildings but from the system developed there for rating their performance. Now officially known as the National Home Energy Rating (NHER), it was based on a computer program developed for the Development Corporation by the National Energy Foundation.

The foundation claims that if every home in the UK was improved by just one point on the NHER scale, it would not only drastically cut the nation's energy bill but reduce the output of harmful power station carbon dioxide emissions by 4 per cent a year.

The system predicts the annual fuel costs per square metre of floor area, including space and water heating, cooking and lighting. It measures a house's efficiency on an index of 0 to 10. The higher the number the more efficient the design.

The NHER is now subscribed to by 100 members, including a wide range of organisations such as the National House Building Confederation, housebuilders, local authorities and housing associations, as well as architects, surveyors and energy consultants.

There are 10 facilities throughout the country to train people in its use and about 300 people have qualified as assessors. In Leicester, it is being used as part of a citywide environmental improvement programme and in Bristol it is being used to operate a "green" mortgage scheme which favours energy-efficient houses.

According to the National Energy Foundation, five big housing agencies are modelling all their stock using one of the NHER computer programs. By this month, more than 200,000 public sector homes should have been rated in this way. This year alone, says the foundation, the NHER is likely to be used to certify the energy rating of some 10,000 private new homes throughout Britain and a further 50,000 run by local authorities.

Richard Tinson: in charge of the £25m Odyssey complex

Last month, the NHER, together with an alternative system devised by a software company, was incorporated into a new government yardstick for energy efficiency labelling.

Two years ago, in its amended Building Regulations, the government required that new homes meet the equivalent of 6.5 to 7 on the Milton Keynes energy scale. The latest homes in the Milton Keynes Energy Park are intended to achieve a 9-point rating which is comparable with the best Scandinavian efficiency levels. Several thousand new homes in other parts of Milton Keynes are also expected to perform well above the proposed national level.

The NHER could have an even wider impact under a European Community draft directive on the energy certification of buildings. It proposes that half the new homes on the market in any year should comply with a nationally-accepted energy rating label. In Britain, says Mr Tinson, that could mean that 1.5m homes a year would have to face a rating test similar to that devised at Milton Keynes.

Significant improvements are being made too in the 60-acre section of the Energy Park earmarked for commercial buildings. The first two privately-funded energy-efficient commercial developments were the 40,000 sq ft Spectrum 7 building occupied by Leica, the German camera company, and the 66,500 sq ft Solaris Court, now used as the national headquarters of Parcelforce, the Royal Mail parcel delivery company. Both buildings are said to achieve an energy standard some 40 per cent better than the current national average.

Even more eye-catching is the purpose-built UK headquarters of Kabi Pharmacia, the Swedish pharmaceutical group, which supplies materials to British hospitals, and which was opened in January 1991.

It was designed by Hobbs, a Milton Keynes firm of architects, on the lines of Kabi Pharmacia's head offices at Uppsala in Sweden. Despite large expanses of glass, the fan-shaped building enjoys low energy costs thanks largely to the way warm air is controlled and recirculated with Swedish ventilation equipment.

Maurice Samuelson

☐ LOCAL AUTHORITIES

Council seeks fresh responsibilities

FOR a time last month it looked as if the Milton Keynes Development Corporation would end its life on a discordant note. It was involved in a row with the borough council about the takeover of certain community-related assets.

Before it was wound up on March 31, the corporation had been disposing of its outstanding assets in various ways.

The 3,500 acres of land still scheduled for factories, houses, offices and shops has been taken over by the Commission for New Towns. This is the government *"realisation agency"* which is responsible for liquidating all the remaining assets of the 21 new towns in England and Wales. The development corporation is leaving little in the form of buildings to the CNT. There is a mixture of about 500,000 sq ft of offices and factories to be disposed of. Nearly all the other factories, offices and shops have been sold either to tenants or to institutions. The houses which were built by the development corporation until the early 1980s, and which were not sold to tenants under the government's right-to-buy scheme, have largely gone to the Milton Keynes Borough Council. There are about 13,000 tenants and shared owners. In a recent ballot, 84 per cent of these opted to be taken over by the borough council, while the remainder will go to housing trusts. The outstanding community-related assets are going in five directions – to the county council, the borough council, parish councils, the voluntary sector and various community trusts.

The borough council estimates that there are 350 community assets, including playing fields, meeting places, allotments, parkland and works of art.

Buckingham County Council will take over responsibility for libraries, schools and other educational establishments plus roads.

Public sector housing has usually been the bailiwick of district or borough councils. Apart from the houses, the Milton Keynes Borough Council – which covers an area larger than the corporation's designated area – is inheriting allotments, playing fields, children's centres and playgrounds, and some district parks and community centres.

With these assets usually *comes a balancing income* package. The development corporation also hands over commercial premises, shops, public houses and factories which it owned so that recipients of the community-related assets (CRAs) have an income and the means to run them. These income packages run to several million pounds a year. The row between the council and the development corporation involved some of the last of the CRAs, the so-called linear parks, which run along watercourses such as the Loughton Valley park, the Ouzel and Ouse Valley Parks, and make up one fifth of the city area.

The development corporation wanted to set up a trust board to take control of the linear parks and other spaces.

Mr Frank Henshaw, the last general manager of the development corporation, says: "The linear parks are such a unique feature of Milton Keynes we wanted to set up trusts that would be exclusively involved in maintaining them as they are."

The borough council wanted local residents to choose who would be responsible for the parks and how they should be run.

The council went to court where a judge ruled that the corporation could not simply transfer the parks to the Milton Keynes Parks Trust and said it was up to Mr Michael Heseltine, the environment secretary, to decide their future.

At the eleventh hour, a compromise was reached between the borough council, the county council, the development corporation and the Parks Trust. It was agreed that the freehold of the parks would be transferred to the borough council. The parks trust will be given a very long lease and a balancing package of about *£2m a year to run the parks.*

Behind the row about the linear parks is the much larger issue of relations between local authorities and the central government.

Most local authorities, but especially those of a different political persuasion to the Conservative party governments of the past 12 years, have chafed under the progressive emasculation of local councils' spending rights.

In particular, many local authorities resented the fact that it became difficult to build public sector housing. In places where government quangos such as development corporations were imposed, local councils became doubly frustrated because not only funds were channelled through the quangos, but also planning rights for both housing and industrial and commercial property.

In the 1970s, the development corporation built lots of houses, some of which it sold, others which it let. The corporation was a pioneer in shared ownership and low-cost social housing. By 1984, the government decreed it could build no more. The 13,000 houses which had tenants were transferred to the borough council to manage.

Mr Gifford says: "We were very pleased when in the ballot last year 84 per cent of the tenants decided they wanted us as landlords.

"Our stock is now 18,000 so we have more flexibility in dealing with the homeless and needy."

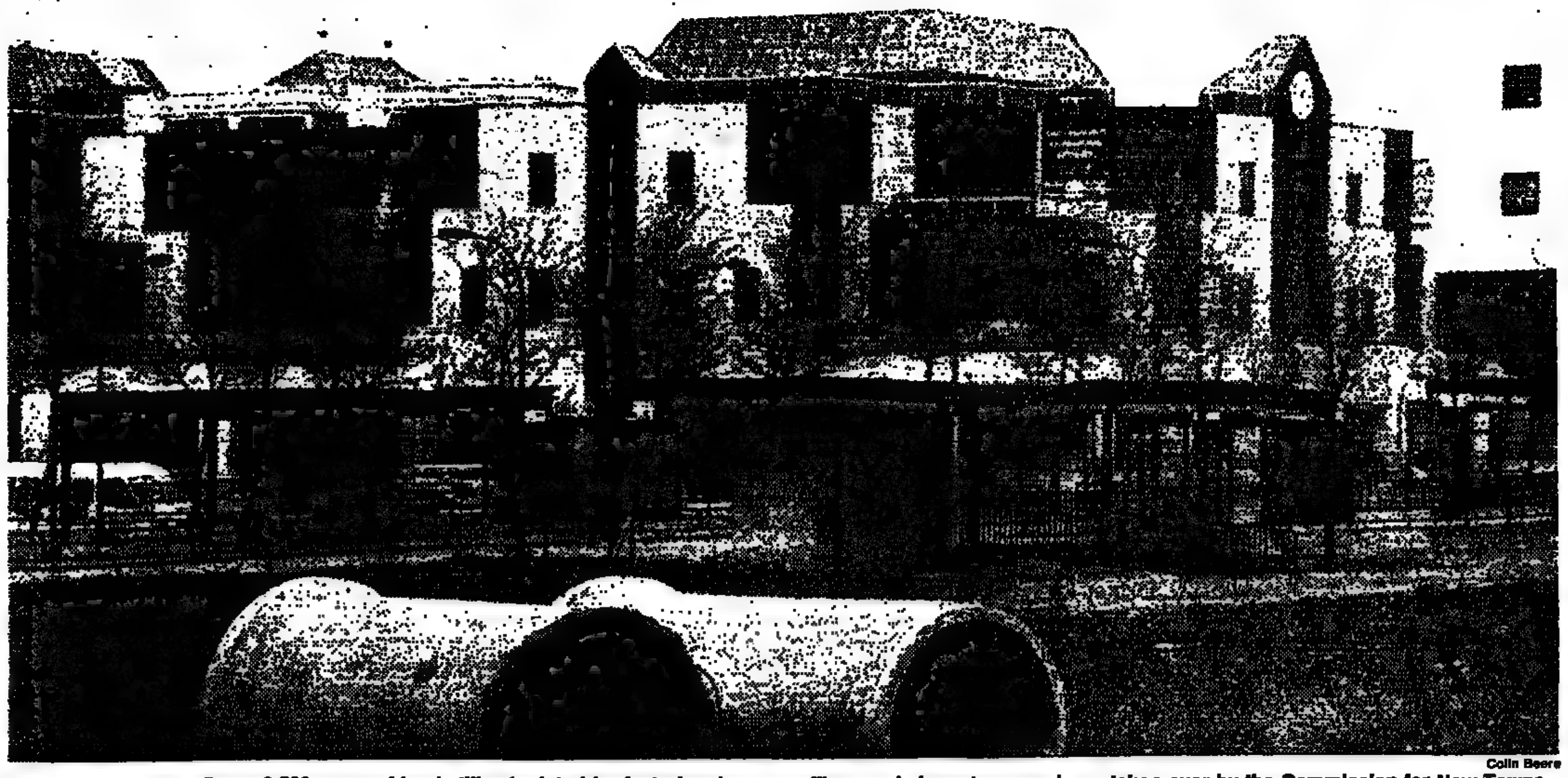
Taking over the houses is one way that the borough council sees itself increasing its responsibilities and emerging from the sidelines.

It would also like to have taken over the land which has gone to the CNT.

Mr Gifford says: "Much of the land has already received planning consent anyway, and we are satisfied that the land will be developed in accordance with the masterplan under which most of Milton Keynes has already been built."

After 25 years with a development corporation standing over it, the borough council wants to emerge in its own right and run as many areas of Milton Keynes as it can.

Stewart Dalby



Colin Beere

Outstanding assets: Some 3,500 acres of land still scheduled for factories, houses, offices and shops has now been taken over by the Commission for New Towns

Milton Keynes Development Corporation general manager Frank Henshaw: disposing of community-related assets

☐ COMPANY RELOCATIONS

A competitive destination

AN important difference between Milton Keynes and other towns and cities looking for new investment and relocating companies in the past decade was that there was not much industry in Milton Keynes in the first place.

Swindon and Peterborough – towns similar to Milton Keynes in that they grew rapidly in the 1980s – were both railway towns with a pool of skilled labour that new companies could utilise and build on. Similarly, south Wales and the north-east of England had declining industries such as steel, coal and shipbuilding, all of which shed labour in recent years.

But Milton Keynes' lack of an indigenous labour force did not act as a deterrent to new investors. At first the development corporation and later the private sector made sure that enough houses (about 45,000) across a wide price range were built to accommodate the workers and managers that relocating companies would need.

The absence of an industrial past, so to speak, had three effects. Milton Keynes has a smaller-than-average manufacturing sector for somewhere so close to the Midlands. It has comparatively few large companies. And it has a relatively young workforce.

The biggest employer is the Abbey National which has 3,500 workers on the payroll

There are few very large manufacturing concerns, although there are a considerable number of medium-size light manufacturing companies involved in component manufacturing. The manufacturing sector employs 21 per cent of the workforce, below the national average.

A recent employment survey undertaken by the Milton Keynes Development Corporation showed that the two largest categories of companies were those which employed less than 20 people and less than 100. Only 160 companies have more than 100 employees. Sixty companies employ more than 200 people and only 15 employ more than 500.

Service and distribution companies dominate among the largest concerns and the smallest.

The biggest employer is now the bank, Abbey National, which has 3,500 workers on the payroll, but it has only grown to this size in the past four years. In 1987 it employed 800. At that time the largest employer was the Open University which employed 2,300, similar to the number it employs today.

Other large companies are the Argos group, the catalogue showroom retailer, and motor car distributors such as Volkswagen.

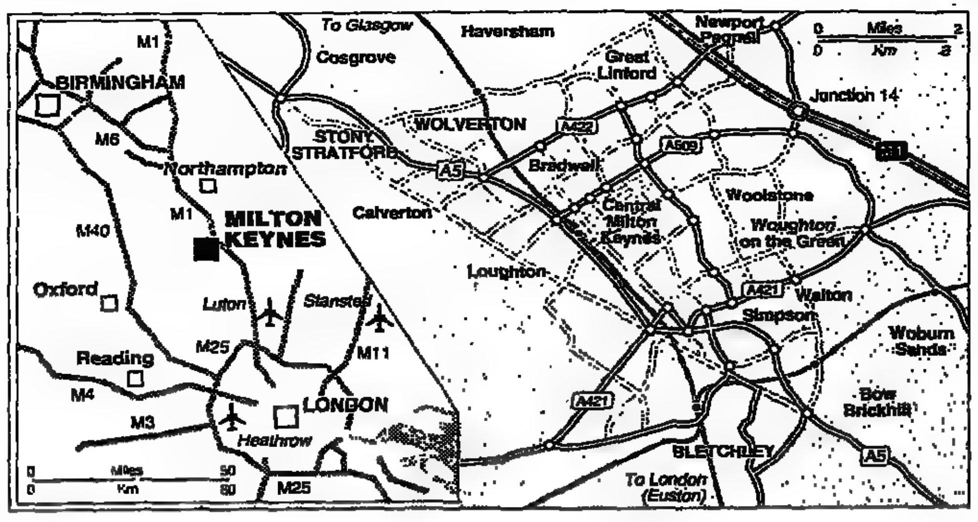
Companies in the service sector and manufacturing have flocked to Milton Keynes because of its strategic location, because there is plenty of space for working, living and parking and because its costs remain low compared with London, the south-east and Birmingham. Of the 3,300 registered companies or parts of companies, 2,500 have established themselves in Milton Keynes in the past 20 years.

In the early 1980s, when Abbey National found itself bursting at the seams in its headquarters in London's Baker Street, it wanted somewhere cheaper but close enough to London so that an important number of staff would move either by commuting or by physically relocating. It also wanted a location where there were no larger employers, particularly in the service sector.

Milton Keynes fitted the bill.

Mr David Woollcott, group personnel manager, says: "We wanted somewhere which was close enough to London for executives to come and go to the London headquarters. We still operate management, treasury and corporate functions from there. But we also wanted a place where other key staff would work."

More than half the 800 employees of the early 1980s came from the London office. As the company has expanded, staff either commute in or have been taken on locally.



About 45,000 houses in a wide range of prices were built to accommodate relocated workers

Mr Woollcott says: "There are trains every 20 minutes to London's Euston which is just up the road from Baker Street. The fastest trains take just 35 minutes."

Mr Woollcott also says the company likes the space and lack of congestion in Milton Keynes. Parking is easy, although Abbey employees have to pay a small fee because their office buildings are near the station and their car parks were apt to be invaded by commuters. Parking used to be free.

BRS, formerly British Road Services, is in the process of moving 200 employees into newly acquired offices in Milton Keynes. The company says the space and good communications were important considerations in selection of the city.

Ms Sue Simpson, marketing manager of the transport group, says: "We looked at Bedford, where our parent company NFC (formerly the National Freight Corporation) is based. But Bedford is basically a market town with parking problems and congestion.

"We also looked at various business parks. The trouble with these are that they are usually on the outskirts of town, and you either have to build your own amenities, canteens, gyms and leisure facilities or see the staff travelling into the nearest town for lunch. Here in Milton Keynes, you can have the best of both worlds. You are right in the middle of town, so there are pubs, restaurants and shops close by. But it is also easy to get in and out and park."

The space and lack of congestion was also attractive to Mr Kyoshi Watano, managing director of Alps Electric (UK), one of the 43 Japanese concerns in Milton Keynes.

The Milton Keynes Development Corporation was never able to offer grants and other incentives of the kind offered by areas such as south Wales and the north-east. But it was able to offer land and factories which would enable expansion. Alps started up five years ago with 80 employees. It makes electrical components for VCRs and televisions.

Mr Watano says: "We wanted to be in England for our European operation because of the English language, and to be near other Japanese companies – particularly our customers. I looked at south Wales, and also Telford, but I chose Milton Keynes because this was the best for distribution for all our customers. One of our customers is Philips which is in Holland. They might not have liked it if we had gone to Wales because Sony is there."

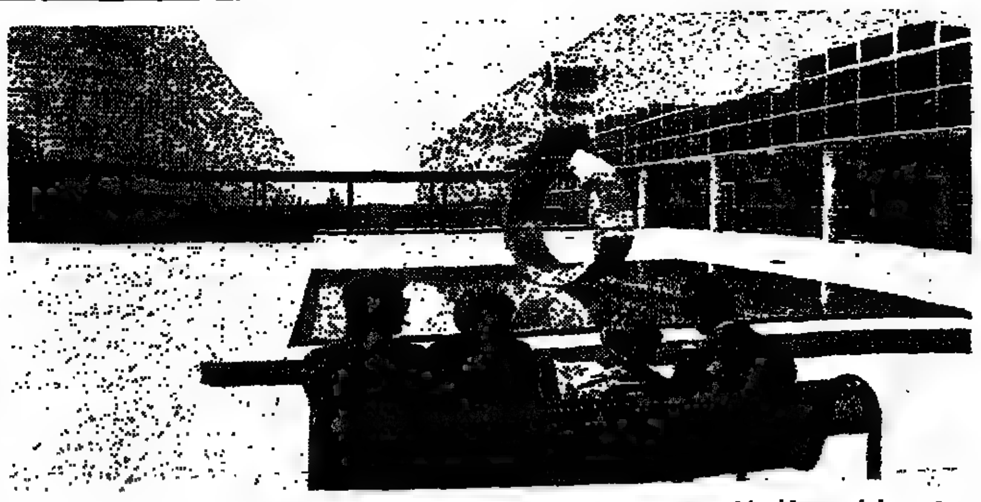
Asked whether the company did not mind going without the incentives available in Wales or Scotland, Mr Watano says: "Grants do not make a company; it is the quality of the people. Here, there are good, well-trained people."

Even without subsidies, Milton Keynes remains a competitive relocation destination. Wages are between 10 and 20 per cent below those in London. With the recession throwing people who commuted to London or Birmingham on to the local market, fears of skills shortages have receded.

Office rents at £15 a sq ft are a third of those in central London. There is plenty of land left for offices, factories and houses.

Milton Keynes is an hour's drive from Heathrow airport and just over half an hour on the train from London. Once the economy improves, Milton Keynes should again see an inflow of investment on a substantial scale.

Stewart Dalby



The city is perceived by many of the Japanese and Americans as outward-looking and dynamic

☐ FOREIGN INVESTMENT

Taking pride in successes

MILTON KEYNES takes pride in a conspicuously high level of foreign investment as proof of its success over the past 25 years in attracting diverse businesses from far and wide.

Almost 10 per cent of the companies which have set up in Milton Keynes are internationally based, giving the city well over 200 foreign corporate citizens.

Altogether, Milton Keynes boasts 19 countries from continental Europe and further afield in its international community. While the US dominates the scene, with 90 American companies represented, the Japanese also have a considerable presence, with 44 companies at the last count.

According to the Milton Keynes Development Corporation, which was wound up at the end of March, although incoming investment has slowed, it has not dried up, even in the recession. For multinational companies looking to the single European market and ahead, Milton Keynes apparently offers many advantages despite its location in one of the more remote regions of the enlarged European stage.

The English language already gives Britain an advantage over other EC countries in the eyes of both American and Japanese companies looking to locate their European operations.

What makes Milton Keynes more attractive than other British cities is its central location within the UK. Its proximity to key international airports, such as Luton and Heathrow, is a natural advantage.

Alps Electric, the world's largest independent manufacturer of electromechanical components, looked at sites throughout Europe before settling on Milton Keynes as the ideal location from which to service its customers throughout the European market.

The company, which supplies big name consumer electronics manufacturers, such as Sony and Panasonic, with electromechanical components and other products, found Milton Keynes provided it with the central location it needed to meet its customers' requirements.

"We need to be within two hours of our customers to give them maximum support," says Mr Peter Woodland, business planning manager of Alps (UK).

From Milton Keynes, Alps can also reach most parts of continental Europe within two to three hours and there are also excellent road links to the ports.

Since 1984, the Japanese manufacturer has invested £19m in its plant where it makes television and video cassette recorder tuners and remote control handsets for televisions and VCRs, among other products.

Unisys, the American network information systems and services group, is another company that found Milton Keynes attractive for the access it provides to other parts of the UK and continental Europe.

The group acquired 420,000 sq ft of property adjacent to one of the city's attractive man-made lakes and has invested £40m so far to set up a UK customer services centre and a European education and training centre, complete with a 250-room hotel. The site also houses its European node of the group's worldwide data communications network.

One of the key functions of the customer services centre is to ensure rapid supply of any parts that are needed at a customer's site within the UK.

"In a service-oriented business, the complete solution (to information systems) and fast response time differentiates us from other companies," says Mr Phil Baker, personnel manager.

Being in Milton Keynes, where Unisys also has an enormous warehouse containing thousands of hardware products and parts for its various systems, and where it is also is within easy reach of one of Unisys's big parts distribution centres in the Netherlands, means that it is able to respond quickly to customer problems that come into the customer services centre.

In addition to being centrally located between London and Birmingham, its proximity to London is another obvious advantage enjoyed by Milton Keynes.

Investment is likely to remain subdued until there are stronger signs of recovery

For Alps, this was a key point that helped it to recruit talented engineers and technical staff. "It is not so easy to attract good engineers to remoter areas," Mr Woodland says.

The other side of the coin, however, is that proximity to London means pay rates are influenced by London's high levels.

Location, although important, is only one of several factors that have attracted international companies to Milton Keynes. The availability of land and housing at reasonable prices turned both Alps and Unisys in favour of Milton Keynes.

Unisys, in particular, needed to find a site where it could consolidate seven different training and service locations. "Having an environment in which we could grow was a key consideration," says Mr Martin Sexton, director of company communications.

Milton Keynes has been much maligned by the British public – to which the city, laid out on a grid, appears as an urban sprawl, lacking in character. But the quality of life offered by the city was actually instrumental in attracting many foreign companies.

Housing was available at reasonable prices, although prices have risen in recent years. The safe and comfortable environment was an important factor in easing concerns about living in a foreign country among Alps's Japanese managers. "The golf courses were just a coincidence," Mr Woodland says.

Contrary to the cold and uninviting image Milton Keynes has among many Britons, the city is seen by many Japanese and Americans – who are perhaps more accustomed to the modern urban landscape – and, indeed, the Britons who live there, as outward-looking and dynamic.

"It had a very modern image, which is the image Alps wanted to portray," according to Mr Woodland.

And in spite of some initial resistance among Unisys's 60 or so instructors who had to be relocated to Milton Keynes from various parts of the country, Mr Sexton is confident that "to a man, everybody who lives in Milton Keynes enjoys being here."

Unisys is also happy to find more reliable administrative and support staff in Milton Keynes than it had in London. The stability among staff at Milton Keynes is a contrast to the very high turnover rate it experienced in London and the community spirit is better, it says.

This may also have to do with the community spirit being fostered in Milton Keynes by the companies that locate there. Mr Kyoshi Watano, managing director of Alps (UK) is a director of the local Training and Enterprise Council, a previous director of the Milton Keynes Chamber of Commerce and chairman of the local Japan club. Alps and Unisys are both patrons of the Milton Keynes Community Trust.

Foreign investment in Milton Keynes is likely to remain subdued until there are stronger signs of economic recovery in leading industrialised countries.

But the closing of the Development Corporation is also a growing concern for businesses already in Milton Keynes. "There is a strong body of opinion among businesses that wants Milton Keynes to develop as it has. Now that the Development Corporation is handing over to the council, there is obviously a concern that the priorities might change," says Mr Sexton.

Michiyo Nakamoto

□ LIFESTYLE

Residents determined to have last laugh

JUST as Cambridge may be a romantic dream in the minds of those who never studied there, Milton Keynes has become a nightmare in the minds of those who have never lived there.

The British, who will label anything a white elephant unless it is an overnight success, have come to sneer at Milton Keynes, seeing only concrete cows, 15m trees three feet high, and roundabouts with one entry and one exit.

But the residents refer conspiratorially to "MK", conjuring up images of more exotic initials such as LA, and bask in another annoyingly British emotion: smug self-satisfaction. But after 25 years of being a stand-up joke the residents of Milton Keynes appear determined to have the last laugh.

It is difficult to find any coherent argument against the proposition that MK is a success as a lifestyle. What kind of lifestyle is another matter entirely.

The Queen recently disappointed MK, prefering to give another contender, Sunderland, the honour of cityhood in celebration of the 40th anniversary of her accession.

If Milton Keynes was a racehorse it would be out of Letchworth by Hampstead Garden Suburb. It may be doing itself a disservice by trying to run in the city stakes.

Much of the derision aimed at MK comes from efforts to attain the status accorded cities. But while many who would agree that MK is not a city: should the citizens care? What's wrong with living in an immaculately planned garden suburb last seen wandering across the Buckinghamshire countryside?

The concrete cows, a gift from visiting US sculptress Liz Leyh, symbolise the absence of life in central Milton Keynes, say critics

What is more this garden suburb has been adapted, rather brilliantly by Walter Bor and Lord Llewelyn-Davies, for the car. The average worker has to travel 10 minutes to get to work. The lifestyle of Milton Keynes is home- and sports-based and glued together by the motor car.

More than 70 per cent of households have cars, compared to a national average of 68 per cent. With six sets of traffic lights and a unique grid system of vehicle-only roads, transport is swift and largely stress-free. (The road plan was originally referred to as a "rationalised Los Angeles").

The Redway cycle paths and footpaths form a healthy alternative to the road grid

The home in MK is an electronic playground: 53 per cent of households have cable television (one of the highest percentages in Britain), while 65 per cent have a video recorder, compared to 47 per cent nationally. The city's famous linear parks and lakes are sporting havens, and the Redway grid system of cycle paths and footpaths promotes a healthy alternative to the road grid.

The community is a young one. Ten per cent of MK's population is aged between 25 and 29, compared to 8 per cent nationally, while just 12 per cent of the population is over 60, compared to 21 per cent nationally.

Many of Milton Keynes residents came from London in the 1970s.

The clean-cut outdoor life which has been realised in the city can be seen as a reaction to the comparative squalor of many of the capital's traditional inner-city areas.

The "green pull" of Milton Keynes is an increasingly strong location factor, especially in the development corporation advertising, and the city is proud that street pollution is two-thirds of that in traditional UK cities.

But the population mix has changed, and the 1988 household survey of the MK region found that only 35 per cent of the residents had come from London.

Significantly about 3 per cent of the 1988 population came from neighbouring Bedfordshire, Buckinghamshire, or Northamptonshire. About a fifth of households in the region moved to their present home from addresses in Milton Keynes.

Satisfaction with the lifestyle is common. Four out of five residents profess to be satisfied with the way the city has been planned while 75 per cent are happy with the housing on offer. The proportion of owner-occupiers has increased over time, as has the number of shared owners, a local trend of increasing significance. In the past 22 years, some 44,000 homes have been built in Milton Keynes, most of them with gardens.

Traditional city entertainment in Milton Keynes has not had such a success rate. The opening of The Point, the UK's first 10-screen multiplex cinema, has done something to redress the balance but the city centre still lacks magnetism. The Leisure Plaza, opened in 1990, provides an ice-rink, room for 2,500 spectators and a 36-lane bowling alley.

The new ecumenical church of Christ the Cornerstone may provide the city with a soul, and its 120ft dome a much-needed landmark, but the city centre still resembles a ghost town.

The city does have social problems. There is little single-person housing. Both the divorce figures and repossession rate are above the national average. There are 2,000 homeless people in the region.

Life is less stressful and healthier than for most UK citizens

But none of that should be allowed to disfigure MK's achievement. The city has a growing number of radical supporters, among them Mr Tim Mars, popularly known as "the guru of Milton Keynes", and the author of privately produced tour brochure on the region.

"I liked the city so much I lived there," says Mr Mars, who now describes himself as "an enforced exile". He believes the city's lifestyle is closest to that of California, but with parks and lakes replacing the beach, and while agreeing that "cityhood" is a mistaken aspiration for MK finds "suburban" equally misplaced.

Mr Mars found that Milton Keynes was unlike other new towns: it wasn't shabby and it was not built as a romantic fantasy of a worker's playground. He insists that "from the inside out" MK is not dominated by the car, but by the Redway, cycle paths, and well-lit footpaths.

In Milton Keynes he finds a definition of the aspirations of many of its residents: life is private, mobile, rural, and close to the city. It is certainly true that for the people who live in this gentle garden suburb, life is less stressful, healthier, and more efficient than for the vast majority of Britain's citizens.

Jim Kelly

□ OPEN UNIVERSITY AND POLYTECHNIC

Evidence of a special attachment

NOT many towns in Britain have gained a higher education institution in the past 23 years. Milton Keynes must be unique in landing not one but two – the Open University, and a campus of Leicester Polytechnic, opened by the Queen earlier this month, whose title has just been upgraded to De Montfort University, Milton Keynes.

It also boasts a six-year-old further education college which is expanding rapidly.

The Open University (OU) is ancient by comparison. Opened in 1969 as a novel experiment in distance learning, it is now one of the largest universities in the world.

It has more than 125,000 registered students. Including purchasers of study packs, a total of about 210,000 people come within its ambit.

Few of them ever see Milton Keynes, however. No teaching takes place on the campus, which is strictly an administrative and broadcasting headquarters. Summer schools and the face-to-face parts of courses take place in hotels and the campuses of other higher education institutions.

The locals evidently feel a special attachment to the OU: about 1,200 of its students come from the Milton Keynes postal district. But according to Mr John Daniel, the university's vice-chancellor: "Although we have those students, they are invisible, and the town does not consider us it's university."

Nonetheless, with more than 2,500 academic and back-up staff, the OU is one of Milton Keynes's largest local employers after Abbey National. Mr Daniel, who took the top job two years ago after 20 years in Canada, is enthusiastic about his base: "The transition was easy: if you have lived in North America, Milton Keynes is just the place to return to. You can park, there's lots of greenery, and communications are excellent."

Milton Keynes Polytechnic: upgraded to the De Montford University after a very rapid take-off

The OU's future is assured. At present, £90m of its £154m annual budget is in the form of a direct government grant. From next year, the OU will forfeit its special earmarked grant and become dependant on the new Higher Education Funding Council. But Mr Daniel is confident it won't lose anything thereby: "Our unit costs per undergraduate are 40 per cent lower than in conventional universities, so even if the gradient is slightly against us, we should do OK in the funding contest."

Expanding overseas links is the OU's current priority. Within a few months, students will be able to register from throughout the European Community and Mr Daniel is expecting an influx.

The Open Business School, started in 1982 and now generating an annual turnover of £17m, already markets itself actively in eastern Europe and Russia. It has also joined the Master of Business Administration bandwagon, with a course particularly tailored for public sector employees. The first 211 MBAs graduated this year.

De Montfort's 50-acre campus is a stone's throw away – symbolically as well as geographically, since the OU helped to get the new polytechnic-university off the ground.

It took off with lightening speed. It is just two years since the Milton Keynes Development Corporation invited higher education institutions to tender to operate a new campus in the town. The winner was Leicester Polytechnic (now styled De Montfort University), whose governors appointed Professor Peter Thewlis, dean of its school of computing, to oversee the new project.

"When I arrived last January", he recalls, "I had a car, a phone, a dictaphone and a temporary office in the Citizens' Advice Bureau." He also had a large field, which now boasts three large warehouse-style buildings – the first of a projected dozen or so – only one of which is yet open. Inside is a plushness most polys only dream of: wall-to-wall carpets, spacious lecture theatres, every other room replete with word processors or computers.

Student numbers are planned to rise to at least 5,000 by the turn of the century

The first 400 students and 30 lecturers – a third of them transfers from Leicester – arrived last October. Student numbers are planned to rise to at least 5,000 by the turn of the century, with the lecturing staff expanding accordingly.

More than a fifth of the first intake of students come from the locality – a higher proportion than typical for a poly – and De Montfort is pioneering "compact" schemes and the like with local schools to strengthen links. But it is also building accommodation blocks (on a different site) and the proportion of students from beyond the town is likely to increase once it becomes fully part of the Polytechnics and Universities Central Council on Admissions system next year.

"You wouldn't, perhaps, expect to do archaeology at Milton Keynes", says Professor Thewlis. "We chose our disciplines to match people's expectations and imagery for a Milton Keynes university."

The emphasis is resolutely applied and high-tech: schools of computing, business, engineering and the built environment are up and running; social work and "modular arts" – whose plans include a broadcast journalism degree, subject to validation – follow.

Some of the courses are offered on collaborative and franchising agreements with Milton Keynes Further Education College, which is keen to offer a seamless route from A-level through to degree. The college – a merger of FE colleges at Bletchley and Wolverton with a new and expanding campus in the town centre – has nearly 7,000 students, and is building a £5m extension at its town-centre site at Chaffron Way.

The concept of a "distributed university" lies at the heart of De Montfort's plans for its offspring. Constrained on its home site at Leicester, the poly-university was eager to expand, and is doing so through a network of colleges, each intended to have its own specialisms and "centres of excellence."

Milton Keynes is the first of the outposts. Bedford College of Higher Education – which has a strong emphasis on education, sport and the performing arts – is likely to join; the Lincoln Colleges of Agriculture and Art and Design have also expressed strong interest. The end-product will be a 30,000-strong university on four sites within a 50-mile radius of Leicester, with many students moving between campuses for different parts of their courses.

"The whole structure will be complementary, not just in disciplines, but in locations – a truly distributed system," enthuses Professor Thewlis. Taking it to heart, he lives half way between Milton Keynes and Leicester.

Andrew Adonis

S African farms face drought costs

By Philip Gawith in Johannesburg

SOUTH AFRICA faces the prospect of a drop of up to 50 per cent in agricultural output for the 1991-92 season as farmers experience perhaps the worst drought this century.

Particularly affected are grain producers in summer rainfall areas, with the maize crop, the country's largest, already devastated.

The official estimate, released in mid-March, is for a crop of 2.1m tonnes and some economists believe this figure could still drop to 1.8m tonnes. This compares to a crop last year of 7.8m tonnes.

Mr Peter Cownie, general manager of the maize board, which sets maize prices in the country, says: "This is undoubtedly one of the worst two droughts this century. The farmers are not going to be able to get back on their feet again without state intervention".

To meet the country's needs, up to 5.5m tonnes of maize, at a cost of about R580-R600 (£95-£98) a tonne once transport costs are taken into account, will have to be imported. Thus, apart from the estimated R2bn-3bn in lost earnings that farmers will suffer, there will probably be a cash outflow from the country of R2bn-3bn to pay for the imports.

Maize prices will also rise. Mr Cownie says: "The aim would be to keep the price rise within range of the general inflation rate".

The price will rise because of the added cost of transporting a large portion of the maize from coastal ports to inland silos. The board, says Mr Cownie, also has to try and pay for its infrastructural capacity, including 40m tonnes of silo capacity, on a crop effectively only 25 per cent of normal volumes.

Mr Fanie Brink, economist at the National Association of Maize Producers (Nampo), says the average national yield for this year's maize crop is 600 kg a hectare. The previous worst yield was 1 tonne a hectare in 1982-83. He says none of the 8,000 to 10,000 maize farmers in the country will break even. Depending on the geographical area in which they farm, they require yields of 2.5 to 3.5 tonnes a hectare to do so.

The government set aside R1bn in the budget, delivered two weeks ago, for drought relief. Committees are currently at work trying to decide how best this money should be spent. Officials of agricultural organisations have already said the money is insufficient.

Mr Barend du Plessis, the finance minister, described this sum in his budget address as a "ceiling", so it must be doubtful whether more will be spent, especially given that the state is already budgeting for a 4.5 per cent budget deficit. And many economists think it has been over-generous in its revenue estimates.

Preliminary indications from the government suggest the aid will be distributed on a merit basis – to farmers who appear to have the potential to survive.

The knock-on effect of the drought will also be considerable. Most economists believe that it will cut the country's growth rate by about 0.5 per cent, with the result that few expect the economy to record real growth of more than 1 per cent this year. The cumulative farming debt – currently about R17bn – will grow further, in the process driving many farmers, who were under immense financial strain before the drought, off the land.

Some observers welcome this, saying it is time the state started encouraging farmers in high-risk areas to face the consequences. They argue that these farmers should be forced to take out more crop insurance, weighing this cost against the possibility of a premium crop. Such farmers should not be able to rely on automatic state aid when the elements turn against them.

US pork producers in export subsidy row

By Nancy Dunne in Washington

AMERICAN PORK producers and their supporters in Congress are up in arms about the US Department of Agriculture's rejection of export subsidies for the sale of pork to the Commonwealth of Independent States.

In a letter to President Bush, Congressman Jim Leach, an Iowa republican, warned of political trouble ahead "if the administration does not give farmers a sense that they have the ear of and a stake in this administration".

Otherwise, he said: "I have no doubt that rural America will look to alternative leadership."

The Bush administration on Wednesday called for an additional $1.1bn worth of credit guarantees for the CIS. For years it provided the former Soviet government with subsidies for grain – mostly wheat – and even poultry. But it is resisting expanding the Export Enhancement subsidy programme (EEP) to other meat, even though pork supplies are likely to be at their highest point in recent history.

Officials of Prodintorg, the Russian buying agency, were in Washington this week, to request subsidies for the proposed sale, of 30,000 tonnes of pork. Congressmen Leach and 59 other members of the House of Representatives and the Senate urged the administration to support the sale in order to help develop new markets.

They contended that US subsidy funding would be better spent on value-added exports, particularly those in which "the Europeans are developing a virtual monopoly".

The USDA gave no reason for rejecting the offer and said it might be considered later on.

There was speculation that the State Department did not want to interfere with Poland and other Eastern European countries obtaining a share of the market in a area where they are competitive.

The National Pork Producers Council issued a statement declaring its disappointment. "The NPPC cannot get a straight answer from the administration officials as to why the use of EEP funds was rejected," it said. "It clearly shows that the administration still does not have the message when it comes to the need for value-added exports. It sounds like business as usual."

Increase in Colombian coffee production causing concern

By Sarita Kendall in Bogota

COLOMBIAN coffee growers are, as always, hopeful that progress towards the revival of the International Coffee Agreement will be made at negotiations in London next week, but the country's high production level is causing concern both among other producing nations and at home.

The 1991-92 harvest is estimated at 16m to 17m bags (of 60 kg), 3m to 4m bags more than Colombia's traditional output level.

Although the extended dry season may affect the secondary harvest beginning now, coffee stocks are likely to increase again this year, even if exports can be kept at 13m bags.

Colombia's production problem is partly the result of the government's use of the National Coffee Fund to cushion the effect of low international prices.

From the collapse of the ICA's export quota system in July 1989 until the beginning of this year, the government continued to raise the domestic price paid to growers, though at a slightly slower rate than inflation.

In February, when the National Coffee Fund's reserves had dropped by over US$350m, the domestic price was reduced for the first time. "The lower price and the loss of the subsidy for fertiliser will have a big effect, though it cannot be seen immediately," said Ms Soraya Otero of the Co-Operative's exporting group, Expocafe.

However, a financial incentive to take older coffee plantations out of production for renewal could, in fact, raise output in the long term. Some experts argue that only the most efficient producers, and those with no alternative, will survive the present market. That means that the medium-scale farmer, who has accounted for a big share of Colombia's production, may be the most vulnerable.

Colombia has raised its share of world exports to about 16 per cent in the last three years, by combining good quality with aggressive sales. But "it's been a very difficult, uncertain market", said Ms Otero. "Nobody has liked the way the business has gone and we all want an agreement".

Despite bigger export volumes, the National Coffee Growers Federation estimates that the country has lost over US$540m in earnings, and coffee now contributes less than a quarter of foreign income.

New era for wine industry as quotas end

By Philip Gawith

THE SOUTH African wine industry received a tremendous boost this week with the announcement that quota requirements in the industry are to be abolished.

The announcement, made by the KWV, the co-operative body that supervises the local industry, is the most important reform in the sector in decades. It has been welcomed by producers as a long overdue step that will revitalise the industry and stimulate the production of quality wines.

Introduced in 1956 in an effort to control production in the country, the quota system meant that producers could not grow grapes and manufacture and sell wine without first having a production quota. Quotas were attached to existing vineyards, so, until the implementation of reforms in 1985, it was not possible to become a wine farmer except by buying out an existing producer. Quotas were also very expensive – as much as R800 (£131) a tonne in some areas.

The system had an marked detrimental effect on the development of the quality wine industry in South Africa. When quotas were first handed out in the 1950s, the industry was very different from its present form. There was a bias in favour of quantity production, associated with warm, fertile, high yielding areas, and against cooler areas where slower maturation favoured making quality wines. With quotas fixed in areas unsuitable for the production of quality wines, and no new quotas handed out since 1975, the regulations were an important inhibition to developing the cooler regions.

Mr Tim Hamilton Russell, one of the country's leading wine makers and a leading opponent of the KWV, commented: "The whole system was designed to prevent the development of the quality end of the wine industry."

He said it had allowed the less regulated Californian and Australian wine industries to steal a march on South Africa. Looking ahead, he said the abandonment of quotas would create a freer climate to invest in the wine industry, encouraging especially the people, dedicated to quality, who come to wine "through the glass, not the soil".

Mr Allan Mullins, who heads the wine division of the Woolworths store group, described the announcement as "a fantastic step, a very progressive move". He said it was a brave initiative on the part of the KWV because most of their shareholders were commodity grape growers who were unlikely to gain, and might well lose, from the initiative.

Probably the main factor which encouraged the KWV to initiate the quota reform was the opening up of new markets to South African products, which has reduced the prospect of significant oversupply.

Despite the latest announcement, the industry remains highly regulated, with the guaranteed minimum price mechanism the most glaring reminder.

Nippon takes 15% stake in MIM study

By Kevin Brown in Sydney

NIPPON MINING, the Japanese resources group, has taken a 15 per cent stake in a A$10m (£4.5m) feasibility study being carried out by MIM, the Australian mining group, into metals deposit at Macarthur River in the Northern Territory.

MIM said Nippon had also taken an option on 15 per cent of the deposit if development proceeded. The ore body, midway between Mount Isa and Darwin, is thought to contain some 200m tonnes of zinc, lead and silver ore.

Macarthur River is the third joint venture between MIM and Nippon. The two companies last week announced the go-ahead for a Y50bn (£215m) lead and zinc smelter in Japan, to be built together with Mitsui Mining and Smelting and Mitsubishi Materials.

MIM produces copper, lead, silver and zinc from its main mines at Mount Isa, Queensland, and has extensive interests in coal and gold mines in Australia and Papua New Guinea.

The group suffered a 76 per cent fall in interim net operating profits to A$16m in the six months to December, but says it will achieve a reduction of A$100m a year in Mount Isa operating costs this year.

● Western Mining Corporation has asked the Western Australian Industrial Relations Commission to order striking miners to return to work at its Kambalda nickel operation.

Mr Phil Lockyer, general manager of state operations, said the strikers had twice rejected a compromise agreement reached between the company and the Australian Workers Union.

WMC says the strikers are seeking a general increase in piece rates of 18 per cent, and a specific increase of 30 per cent for part of the workforce, but have rejected proposed productivity improvements.

The miners have been on indefinite strike since March 17, but the company claims a total of 35 working days have been lost since the claim was made.

The IRC has the power to order the strikers to return to work while negotiations take place.

Hudson modernisation will boost output

By Kenneth Gooding, Mining Correspondent

HUDSON BAY, whose Flin Flon metallurgical operations in Manitoba were threatened with closure because they could not meet new environmental regulations, is on course for a substantial expansion and cut in production costs.

A C$183m (£89m) modernisation scheme, primarily designed to cope with environmental problems, would also boost annual zinc output from about 80,000 to 100,000 tonnes and copper production from 70,000 to 80,000 tonnes, said Mr Tim Wadeson, technical director of Minorco, yesterday.

Minorco, part of the Anglo American Corporation of South Africa, took over Hudson Bay for US$85 in August. Canada's federal government has provided a C$25m loan and the provincial government one of C$55m towards the modernisation project.

Mr Wadeson said at a presentation to the Association of Mining Analysts in London that the scheme was likely to be finished ahead of schedule and under budget in 1994.

Then Hudson's zinc production costs (including credits for by-product metals) would be down from 50 cents a lb to 30 cents, making it one of the world's most competitive producers.

Hudson Bay was spending C$12m a year on exploration near its nine mines in Manitoba and Saskatchewan and recently more ore had been found at depth at the Trout Lake mine.

Mr Wadeson said recent exploration work by Minorco's Independence Mining subsidiary might, "if we're lucky", result in a new gold mine and associated plant in Nevada. Independence had lifted annual exploration spending from US$11.7m to $15.2m.

Since Minorco acquired Independence for $705m from Freeport McMoRan in 1990, total reserves and resources had increased by 40 per cent: to 2.9m ounces of gold in reserves and 2.7m ounces in resources.

Independence expected to produce 317,218 ounces of gold at a cash cost of $229 an ounce in the 1991-92 year to generate revenue of $357 an ounce. This compared with 304,682 ounces at a cost of $220 and revenue per ounce of $374 in the previous 12 months.

Most members fail to act on cocoa pact repayments

SWITZERLAND, Belgium/Luxembourg and Gabon were the only member countries of the International Cocoa Organisation (ICCO) to meet the March 31 deadline for partial payment of arrears to the pact's buffer stock fund, an ICCO official said in London yesterday, reports Reuter.

Arrears on payments to the fund, set up to maintain the cocoa accumulated in the ICCO's buffer stock under the last price-supporting International Cocoa Agreement, amounted to just under $146m at the end of 1991.

Most of this was owed by the world's two largest producers, the Ivory Coast and Brazil.

The $146m total was after 3.5 per cent of total arrears had been paid by most debtors as agreed at the November meeting of the ICCO council.

The second tranche of 3.5 per cent was due to be paid by March 31, with two further repayments of 1.5 per cent scheduled for the end of June and September this year.

Repayment of arrears is seen as a crucial issue for consuming country members, who have suggested that financing for a stock withholding scheme to support prices under a new agreement should be provided out of the buffer stock fund.

Negotiations of a new cocoa accord with economic clauses are scheduled to begin on April 21 in Geneva.

Lead smelter set to close after 350 dismissals

SOCIEDAD Minera y Metalurgica de Penarroya, a wholly-owned subsidiary of the Franco-German multinational Metaleurop, said yesterday that it had dismissed 350 workers at the Santa Lucia smelter in Cartagena.

Penarroya is expected to shut the 90,000 tonne primary lead smelter, the company's only industrial asset, within two months.

The lead works recently filed for temporary receivership. The company said adverse economic and financial conditions as well as local political and environmental factors had forced the smelter's closure.

WORLD COMMODITIES PRICES

MARKET REPORT

PLATINUM led a sharp downturn in the precious metal market yesterday. The white metal surrendered $7.25 of the $12 rise registered earlier in the week to reach $355.25 a troy ounce at the afternoon fixing. Dealers said the rally, based on reduced fears of heavy Soviet shipments and more hopeful US economic indicators, had been overdone. They also suggested that Japanese investors had sold platinum to cover equity market losses. The London bullion market **GOLD** price touched $339.25 an ounce before closing $3.10 down on the day at $340.90 an ounce. But traders were predicting that the market would soon be re-testing support at $339 an ounce and might then move back towards the recent six-year low. "Gold doesn't look good and Comex has tried to push it, but if they think Europe is short they are very, very wrong," one dealer said. At the London Metal Exchange **COPPER** prices fell back from early highs to finish little changed on the day. Dealers said the run-up in copper prices was halted by news that Zambian railway workers had called off their strike. Three months **NICKEL** met selling and liquidation above the $7,500 level.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.35z	+0.10
Brent Blend (dated)	$18.35-8.55	+0.15
Brent Blend (May)	$18.45-8.50	+0.15
W.T.I. (1 pm est)	$19.85-9.90z	+0.25
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$205-208	+2.5
Gas Oil	$165-167	+1
Heavy Fuel Oil	$74-76	-1
Naphtha	$171-172	+1.5
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$340.90	-3.1
Silver (per troy oz)♣	410c	-5.5
Platinum (per troy oz)	$355.25	+7.25
Palladium (per troy oz)	$84.85	+0.50
Copper (US Producer)	106.44	+0.71
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.57r	+0.16
Tin (New York)	268.5	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.20p	-0.02*
Sheep (live weight)†♣	100.59	+7.05*
Pigs (live weight)†	104.70	+4.44*
London daily sugar (raw)	$219.5y	+2.2
London daily sugar (white)	$274.0y	
Tate and Lyle export price	£235.0	+1
Barley (English feed)	£118.50t	+0.38
Maize (US No. 3 yellow)	£149	+1
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	55.50p	
Rubber (Jun)♥	55.75p	
Rubber (KL RSS No 1 Mar)	220.0	
Coconut oil (Philippines)§	$665	-2.5
Palm Oil (Malaysian)§	$395.0	
Copra (Philippines)§	$435 w	
Soyabeans (US)	£152.0w	-2
Cotton "A" index	57.20	
Wooltops (64s Super)	444p	+2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Oct/Dec u-Jan/Mar v-Apr/Mar y-Apr/May w-Apr z-May †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg ♣Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	198.00	193.00	198.60	195.00
Aug	196.00	193.40	196.00	194.40
Oct	193.60	192.00	193.00	192.00
Dec	191.00		190.80	
Mar	190.00		[illegible]	
May	191.00		189.60	
White	**Close**	**Previous**	**High/Low**	
May	273.00	270.80	273.00	270.10
Aug	273.40	270.80	273.50	270.80
Oct	265.60	263.50	265.00	263.50

Turnover: Raw 737 (498) lots of 50 tonnes. White 3094 (1205)
Paris- White (FFr per tonne) May 1533.24 Aug 1548.97

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
May	18.45	18.40	18.53	18.34
Jun	18.38	18.38	18.40	18.32
Jul	18.33	18.28	18.40	18.27
Aug	18.30	18.23	18.33	18.22
Sep	18.30	18.22	18.33	18.20
Oct	18.24	18.24	18.24	18.19
IPE Index	18.32	18.06	18.32	18.32

Turnover 14958 (25958)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Apr	165.75	164.75	165.50	163.50
May	166.50	166.25	168.00	166.25
Jun	167.50	167.25	169.00	167.50
Jul	169.00	169.00	169.50	168.75
Aug	170.75	170.00	171.00	170.25
Sep	172.50	171.75	172.50	172.25
Oct	174.75	174.25	175.00	174.25
Nov	175.25	176.50	176.50	176.00
Dec	177.00	176.25	177.75	177.00

Turnover 15277 (13246) lots of 100 tonnes

FRUIT & VEGETABLES
New season pears from Cape are now plentiful,reports the FFVIB. There is a wide variety in the shops including Cape William Bon Chretian at 45-65p a lb. Other good buys include English outdoor rhubarb at 30-35p a lb. Cape and Chilean white seedless grapes at 90p-£1.00 a lb and bananas at 48-60p a lb. Also a wide variety of apples are available including BC Red Delicious at 55-65p alb. Home grown Spring cabbage is superb this week at 25-35p a lb, along with Spania broccoli at 50-55p 8oz pre-pack. English cucumbers are abundant at 50-70p each along with English and Dutch tomatoes at 80-90p a lb

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
May	627	619	628	610
Jul	654	647	656	639
Sep	679	673	680	662
Dec	713	706	715	698
Mar	746	742	746	732
May	768	762	768	757
Jul	789	785	782	782
Sep	806	805	806	799

Turnover: 5683 (7615) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 1 763.10 (771.40) 10 day average for Apr.1 812.21 (818.54)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
May	857	860	862	852
Jul	870	865	877	867
Sep	882	879	886	880
Nov	903	894	907	900
Jan	920	912	920	

Turnover 1440 (9647) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.27: Comp. daily 55.27 (54.80) 15 day average 56.89 (57.00)
Sterling close: Unq.

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	107.0	106.0	109.0	106.5
May	121.0	119.5	121.0	119.1
Apr	123.0	124.5	124.0	122.8

Turnover 154 (157) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low	
Apr	130.50	132.00		
Jun	123.50	124.50	123.50	123.00
Aug	125.00	126.50	125.50	125.00

Turnover 80 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Apr	1175	1200	1190	1175
May	1168	1200	1180	1165
Jun	1069	1074	1085	1069
Jul	1057		1060	1055
Oct	1195	1215	1210	1195
Jan	1225	1230	1225	
BFI	1178	1179		

Turnover 178 (169)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
May	124.00	124.00	124.20	124.00
Jun	125.45	125.55	125.75	125.00
Sep	112.65	112.75	112.75	112.65
Nov	115.70	115.80	115.80	115.70
Jan	119.50	118.60	119.70	119.50
Mar	125.90	122.60	126.00	125.90
Barley	**Close**	**Previous**	**High/Low**	
May	116.55	116.60	116.55	116.50
Sep	109.15		109.25	109.15
Jan	116.25		116.25	116.25

Turnover: Wheat 182 (474), Barley 42 (25).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Apr	127.0	128.0	126.5	126.0
May	125.0	123.0	124.5	124.0
Jun	119.1	118.0	119.0	118.8
Jul	113.5	112.5	113.5	112.5
Aug	109.0	106.5	106.5	106.5
Sep	109.5	109.0	109.0	109.0

Turnover 72 (66) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 28,629 lots
Cash	1302-03	1289-90	1294.5/1294	1294.5-95		
3 months	1327.5-28	1315-16	1328/1316	1319.5-20	1323-24	175,333 lots
Copper, Grade A (£ per tonne)						Total daily turnover 26,782 lots
Cash	1297-98	1300-01	1305/1297	1305-05.5		
3 months	1323-24	1325-25.5	1332/1323	1329.5-30	1323-24	108,316 lots
Lead (£ per tonne)						Total daily turnover 3,806 lots
Cash	314.5-5.5	309.5-10.5	314.25	314-4.25		
3 months	325.5-26	320.5-1.00	327/320	325-5.5	325-25.5	16,224 lots
Nickel ($ per tonne)						Total daily turnover 3,032 lots
Cash	7410-20	7460-80	7435/7420	7430-35		
3 months	7500-05	7560-70	7550/7480	7510-7515	7475-85	39,094 lots
Tin ($ per tonne)						Total daily turnover 2,125 lots
Cash	5785-95	5800-05		5810-15		
3 months	5775-85	5770-75	5820/5770	5790-95	5780-90	6,374 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,342 lots
Cash	1275-76	1280-81	1280/1276	1277-78		
3 months	1266-67	1267-68	1271/1261	1265-66	1262-63	82,976 lots

LME Closing £/$ rate: SPOT: 1.7268 3 months: 1.7022 6 months: 1.6708 9 months: 1.6482

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	340.65-341.15	
Opening	342.10-342.50	
Morning fix	341.25	197.631
Afternoon fix	340.50	196.900
Day's high	342.20-342.40	
Day's low	339.65-339.85	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.50	6 months	3.50
2 months	3.50	12 months	3.74
3 months	3.50		

Silver fix	p/fine oz	US cts equiv
Spot	238.90	409.00
3 months	243.45	413.30
6 months	250.10	417.85
12 months	263.55	428.90

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	340.50-341.50	197.00-197.50
Maple leaf	351.00-352.00	203.00-203.50
New Sovereign	83.00-84.00	48.00-48.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	112	122	1	3
1300	33	47	21	27
1400	4	11	91	90
Copper (Grade A)	**Calls**		**Puts**	
2150	105	109	1	4
2250	27	37	22	31
2350	2	6	96	99
Coffee	**May**	**Jul**	**May**	**Jul**
800	58	82	1	12
850	18	48	11	28
900	2		45	
Cocoa	**May**	**Jul**	**May**	**Jul**
625	30		11	
650	4		27	
675	1		49	
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800	47		7	29
1850	13	43	24	
1900	3	21	62	

New York

GOLD 100 troy oz.; $/troy oz.

	Latest	Previous	High/Low	
Apr	341.2	342.9	341.5	340.1
May	341.6	343.6	0	0
Jun	342.9	344.6	343.5	341.6
Aug	345.0	346.8	345.5	343.7
Oct	349.0	349.0	0	0
Dec	350.1	351.5	350.1	348.5
Feb	354.1	354.1	0	0
Apr	353.5	356.7	353.5	353.4

PLATINUM 50 troy oz; $/troy oz.

	Latest	Previous	High/Low	
Apr	356.0	356.1	356.0	352.5
Jul	357.5	359.0	359.0	355.5
Oct	361.0	363.6	361.5	358.0
Jan	361.0	364.1	361.0	361.0
Apr	362.5	366.1	362.5	362.5

SILVER 5,000 troy oz; cents/troy oz.

	Latest	Previous	High/Low	
Apr	407.5	409.0	407.5	407.5
May	409.5	410.3	411.0	406.5
Jun	411.9	411.9	0	0
Jul	412.5	413.6	414.0	410.0
Sep	416.0	417.2	416.0	413.0
Dec	422.0	422.9	423.0	420.0
Jan	424.8	424.8	0	0
Mar	426.5	429.2	428.5	425.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	103.00	102.50	103.15	102.30
May	103.45	102.70	103.45	102.30
Jun	102.35	102.95	102.35	102.35
Jul	102.75	102.10	102.80	101.95
Aug	102.00	102.00	102.00	102.00
Sep	102.40	101.85	102.40	101.70
Oct	101.75	101.75	0	0
Nov	101.95	101.65	102.00	101.95
Dec	102.15	101.80	102.15	101.80
Jan	101.40	101.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.84	19.84	19.92	19.74
Jun	19.89	19.91	19.97	19.82
Jul	19.87	19.89	19.95	19.81
Aug	19.85	19.84	19.91	19.76
Sep	19.77	19.77	19.84	19.68
Oct	19.72	19.72	19.78	19.60
Nov	19.68	19.66	19.74	19.65
Dec	19.64	19.64	19.71	19.54
Jan	19.56	19.36	19.60	19.50
Feb	19.54	19.50	19.54	19.50

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5445	5446	5460	5400
Jun	5390	5397	5405	5360
Jul	5405	5422	5420	5385
Aug	5475	5487	5480	5460
Sep	5595	5602	5600	5570
Oct	5700	5702	5700	5660
Nov	5770	5782	0	0
Dec	5870	5877	5875	5880
Jan	5910	5909	5915	5900
Feb	5824	5824	0	0

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
May	975	959	975	962
Jul	1015	999	1016	1002
Sep	1051	1033	1051	1040
Dec	1100	1085	1100	1088
Mar	1139	1129	1139	1125
May	1170	1159	1170	1159
Jul	1182	1182	1182	1182
Sep	1219	1209	1219	1209
Dec	1235	1244	0	0
Mar	[illegible]	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Latest	Previous	High/Low	
May	69.90	69.45	70.00	69.05
Jul	72.40	71.90	72.50	71.50
Sep	74.00	74.35	74.70	73.90
Dec	77.40	77.55	77.95	77.20
Mar	81.00	81.00	81.35	81.00
May	84.75	84.75	0	0
Jul	86.75	86.75	0	0
Sep	88.75	88.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	8.97	8.77	9.06	8.77
Jul	8.97	8.73	8.97	8.73
Oct	8.80	8.69	8.80	8.69
Mar	8.70	8.72	8.79	8.70
May	8.78	8.74	8.78	8.76
Jul	8.77	8.77	8.77	8.77

COTTON 50,000; cents/lbs

	Latest	Previous	High/Low	
May	59.16	58.65	59.36	58.21
Jul	60.60	60.28	60.60	59.70
Oct	61.45	61.25	61.45	60.90
Dec	61.80	61.69	61.90	61.30
Mar	63.10	62.98	63.10	63.00
May	63.65	63.53	63.65	63.20
Jul	63.25	63.65	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	139.20	141.80	142.00	139.00
Jul	137.40	140.55	140.75	137.00
Sep	131.75	133.60	133.90	131.75
Nov	125.20	126.80	125.75	125.00
Jan	124.00	125.10	125.00	124.00
Mar	124.15	124.80	124.15	124.15
May	124.50	124.80	0	0
Jul	124.50	124.80	0	0
Sep	124.50	124.80	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.2	Apr.1	mnth ago	yr ago
1614.2	1612.5	1618.9	1731.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.1	Mar.31	mnth ago	yr ago
Spot	117.00	116.86	117.86	126.42
Futures	120.92	120.64	122.80	129.51

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Latest	Previous	High/Low	
May	577/4	577/2	579/2	576/0
Jul	586/4	585/4	587/6	585/0
Aug	591/4	590/4	592/2	590/2
Sep	595/0	594/0	596/4	594/4
Nov	602/6	601/6	604/0	601/4
Jan	611/6	610/2	612/0	611/0
Mar	620/0	620/0	621/0	620/0
May	627/0	627/0	0	0
Jul	633/0	631/4	633/0	633/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	19.65	19.61	19.76	19.50
Jul	19.96	19.89	20.06	19.80
Aug	20.12	20.05	20.23	19.98
Sep	20.28	20.20	20.35	20.10
Oct	20.40	20.32	20.47	20.28
Dec	20.70	20.62	20.80	20.58
Jan	20.88	20.70	0	0
Mar	21.15	20.95	0	0
May	21.35	21.10	0	0
Jul	21.50	21.20	0	0

SOYABEAN MEAL 100 tons; $/ton

	Latest	Previous	High/Low	
May	175.5	175.6	176.1	175.4
Jul	178.2	178.7	178.8	178.0
Aug	179.1	179.9	179.8	178.8
Sep	180.0	180.7	180.6	179.8
Oct	194.2	195.5	195.2	194.2
Dec	196.3	197.0	196.5	195.0
Jan	195.7	197.0	196.8	195.7
Mar	197.0	198.5	198.5	197.0

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
May	259/6	260/0	260/6	259/2
Jul	265/0	265/2	266/0	264/4
Sep	260/6	260/6	262/0	260/4
Dec	259/6	259/2	260/0	258/2
Mar	265/6	265/4	267/0	265/6
May	270/0	269/4	271/0	270/0
Jul	273/4	273/0	274/0	273/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Previous	High/Low	
May	365/6	369/2	370/0	[illegible]
Jul	353/4	354/4	355/4	[illegible]
Sep	358/2	359/0	359/4	357/0
Dec	366/4	366/2	367/0	364/6
Mar	368/4	369/0	369/0	367/0
May	357/0	357/0	0	0
Jul	339/0	338/6	339/4	337/0
Sep	344/0	342/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	78.150	79.175	79.500	78.000
Jun	74.525	74.350	74.550	74.150
Aug	69.800	69.525	69.850	69.450
Oct	69.950	69.525	69.975	69.400
Dec	70.150	69.800	70.175	69.825
Feb	69.500	69.275	69.500	69.475
Apr	70.550	70.350	70.550	70.450

LIVE HOGS 40,000 lb; cents/lbs

	Latest	Previous	High/Low	
Apr	40.950	40.675	41.100	40.550
Jun	46.375	46.175	46.650	46.000
Jul	45.250	44.925	45.350	44.925
Aug	43.300	43.150	43.500	43.075
Oct	40.650	40.650	40.875	40.450
Dec	43.050	43.425	43.350	42.800
Feb	44.175	44.550	44.350	44.150
Apr	42.450	42.675	42.625	42.400

PORK BELLIES 40,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	35.250	34.450	35.475	34.200
Jul	35.950	35.075	36.175	34.900
Aug	34.500	33.575	34.800	33.500
Feb	44.900	44.950	44.900	44.600

LONDON STOCK EXCHANGE

Equities easier after volatile session

By Steve Thompson

A RELATIVELY steady performance by sterling and modest gains in gilt-edged stocks helped to underpin a fragile equity market still liable to lurch sharply in either direction in response to opinion polls.

At the close, the FT-SE 100-share index settled 3.2 off at 2,405.4, having swung from positive to negative territory during another active trading session dominated by a further batch of big placings and a flurry of small programme trades.

Dealers were encouraged by the level of activity in the market which, although down on Wednesday, the highest of the year so far, remained well ahead of average levels during the first quarter.

Turnover yesterday totalled 607.2m shares, compared with Wednesday's 701m, and was boosted considerably by sizeable placings of shares in BP and BET.

There was also evidence, according to traders, of exceptionally large selling pressure related to end of the tax-year.

Dealers also mentioned talk of hefty "bed and breakfast" activity, selling of "Peps" and suggestions of sizeable selling by company directors linked to worries about the increased possibility of a Labour victory in next Thursday's general election.

At the outset of trading marketmakers, relieved that the latest polls indicated a much tighter outcome than the polls of the previous session, hoisted their opening levels and drew in "cheap" buyers, pushing the Footsie up to the day's peak of 2,424.1 within minutes of the opening.

Mid-morning, however, saw the several large blocks of shares come on offer. These tended to cause temporary disruption in the market, as did the programme trades.

Account Dealing Dates		
*First Dealings:		
Mar 23	Apr 6	Apr 27
Option Declarations:		
Apr 2	Apr 23	May 7
Last Dealings:		
Apr 3	Apr 24	May 8
Account Day:		
Apr 13	May 5	May 18

*New-time dealings may take place from 8.30 am two business days earlier.

Turnover tended to fall away during the afternoon, in spite of hints that an opinion poll published today would show Labour leading the Conservatives by 4 points. The Footsie drifted off to post a 14.5 decline before stabilising and ending the day marginally lower on balance. The late rally was stimulated by Wall Street.

A host of individual features emerged from the market. Fisons, the pharmaceuticals/chemicals group, moved sharply higher following the appointment of a new chief executive and the re-emergence of stories that Medeva, the fast-expanding pharmaceuticals group, may be preparing a bid.

Vodafone shares gave a ready response to a handful of buy recommendations, notably from Henderson Crosthwaite and Lehman Brothers, highlighting the first signs of a pick-up in new subscribers for cellular radios. Redland's figures were also given a warm welcome by the market.

Equity strategists remained extremely cautious on the short term outlook for the market. Kleinwort Benson's strategy team, in their April Market Outlook, said that either an outright Tory or Labour win, along with a recovery in US economy and an upturn in UK earnings, should push the Footsie into new high ground by the end of the year.

The election worries produced more strong support for big overseas earners such as Reuters, RTZ and BAT.

FINANCIAL TIMES STOCK INDICES

	Apr 2	Apr 1	Mar 31	Mar 30	Mar 27	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	85.14	85.11	85.71†	85.74	85.63	85.47	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.19	98.39	98.85	98.72	98.75	94.72	101.58 (18/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1866.6	1870.9	1903.5	1916.1	1914.9	1999.0	2108.3 (2/9/91)	1806.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	119.5	121.6	120.9	120.2	119.6	138.4	222.8 (11/7/91)	116.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2405.4	2408.6	2440.1	2452.9	2447.9	2529.9	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1149.52	1145.11	1159.94	1158.46	1153.31	1164.64	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.76	4.75	4.70	4.66	4.69	4.84				
●Earning Yld %(full)	6.83	6.81	6.79	6.76	6.77	8.82				
●P/E Ratio(Net)(☆)	18.14	18.16	18.50	18.57	18.57	13.95				
SEAQ Bargns 5.00pm	39,234	40,752	35,216	29,299	26,493	48,558				
Equity Turnover(£m)†	-	1415.15	786.7	839.9	1,127.5	1054.40				
Equity Bargains†	-	46,974	42,559	33,834	31,335	50,782				
Shares Traded (ml)†	-	619.7	432.5	407.8	487.7	511.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.69 (Corrected)

Ordinary Share Index, Hourly changes — Day's High 1889.1 — Day's Low 1857.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1883.2	1884.1	1876.8	1868.5	1860.4	1857.4	1861.5	1864.6	1865.2

FT-SE 100, Hourly changes — Day's High 2424.1 — Day's Low 2394.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2423.2	2419.5	2410.0	2401.6	2396.0	2394.7	2397.4	2401.9	2404.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1150.25 — Day's Low 1146.58

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1149.96	1148.09	1148.04	1147.75	1147.92	1148.50	1149.36

GILT EDGED ACTIVITY

Indices*	Apr 1	Mar 31
Gilt Edged Bargains	n/a	122.8
5 – Day average	n/a	122.4

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	38	505	+12
ASDA Group	14,000	28½	-2
Abbey National	5,600	259	-2
Albert Fisher	1,800	63	-1
Allied-Lyons	1,700	580	-8
Amstrad	1,000	29	
Anglian Water	368	314	-4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

Heavy turnover in BP

TURNOVER in BP surged to 54m shares as a block of 14.2m failed to find a home in the UK and eventually reached more enthusiastic US investors.

It is believed that a large institution decided to sell the shares through County NatWest. The securities house was said to have tried unsuccessfully to place them with other UK institutions at around 241p. Salomon Brothers was then said to have bought them at around that level to sell on to US institutions. In the past month, the US holding in BP is thought to have risen from 8 per cent to 10 per cent.

The overhang of shares in the market and continuing worries over first-quarter profits, as well as the dividend, knocked BP back 6p at one stage, a substantial fall for the stock. Once the deals were out of the way the shares rallied to close a net 3 down at 248p.

Vodafone in demand

Cellular network operator Vodafone Group ended its recent dismal run as a number of brokers decided that the shares looked cheap. UBS Phillips & Drew, the house broker, reiterated its buy stance as "figures for March showed new connection rates at their highest since October 1990.

Henderson Crosthwaite, the agency broker, moved from a sell to a buy, analyst Mr Brian Newman describing the figures as "the first signs of recovery in demand from new cellular subscribers". Mr Tim Hirst at Lehman Brothers pointed to the fact that Vodafone was approaching its all-time price/earnings relative low, and was well positioned for economic recovery. The shares improved 4½ to 314½p in busy turnover of 4.7m.

Rubbish had an influence on the water companies yesterday, with one depressed by its waste disposal activities while two others gained support, in a sector remaining vulnerable to political developments.

Severn Trent slipped 9 to 301p as County NatWest lowered its forecast of profits to March 1992 by £7m to £263m and for the next financial year by £8m to £270m on the poor performance of Biffa, Severn's waste disposal subsidiary acquired from BET last year.

South West Water picked up 2 to 337p on news that it is to form a joint venture company with a leading Spanish waste management company. The 50-50 owned company will be known as Peninsula Waste Management.

Wessex Water firmed a penny to 384p. The company is involved in a British joint venture with US-based Waste Management International. The latter is floating 75m shares next week, 20 per cent of its enlarged capital, mainly in London and New York.

Revived bid speculation, and the announcement that a chief executive had been appointed, helped Fisons, which bucked the market to end 8 up at 334p.

The Fisons bid talk, which has featured for some time, focused yesterday on Medeva, the fast-growing group headed by former Glaxo chief executive Mr Bernard Taylor. Medeva fell 10 to 251p.

In terms of the appointment, Mr Cedric Scroggs was not the market's first choice, but any disappointment was already in the Fisons share price and observers were relieved at the ending of uncertainty.

Continuing forecast downgrades affected ICI, finally 15 lower at 1224p.

Rises for the UK's two biggest insurance brokers, Sedgwick (up 10 at 214p) and Willis Corroon (9 ahead at 242p), reflected recent dollar strength and hopes of premium increases.

Insurer Sun Alliance was buoyed in early trading by relief that the underlying annual figures were not worse. The group announced a £466m loss, at the lower end of market estimates. However, it also came out with a positive statement and a stronger than expected balance sheet. Agency broker James Capel reduced its 1992 loss forecast by £50m to £100m. Sun closed unchanged at 250p.

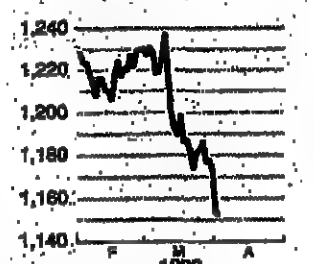
There were few surprises in Redland's results, but the market was pleased that there were no black holes and the integration with Steetley could now proceed. Redland moved ahead 17 to 467p in heavy volume of 5m.

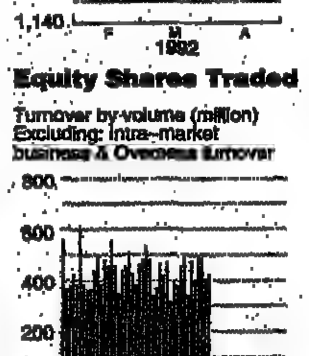
Activity in the hotels sector centred once again on Queens Moat Houses, in which 7.1m shares were traded after Tuesday's 7m. Mercury Asset Management was believed to be the big seller yesterday, with Kleinwort Benson reported to have placed the stock with institutions. The shares eased a penny to 75½p.

Forte was weak, as one house found itself caught with some 2m shares on its books as rival marketmakers turned sellers. The shares lost 4 to 222p on turnover of 2.2m.

Hoare Govett reiterated its buy stance on Granada Group and upgraded its 1992 profits forecast by £3m to £114m and 1993 by £6m to £136m on optimism over the group's business services division. The stock gained 4 to 228p.

Packaging and printing group Bowater dropped 26 to 701p as investors sold their nil-paid rights. The nil-paid lost 29 to 76p.





The prospect of troubled conglomerate Lonrho being taken private continued to boost the shares, which regained a further 8 to 79p.

Talk surrounding BET of a placing of 2m shares and another profits downgrade – recently analysts shifted their estimates towards the £100m mark – left the stock 4 lower at 121p on exceptionally heavy turnover of 11m.

A large seller of new FT-SE 100 constituent Siebe depressed the shares 19 to 618p.

Rolls-Royce rose 5 to 154p, boosted by news of engine orders from Thai Airways to power two more Boeing 777 airliners. British Aerospace put on 5 to 300p, lifted by Wednesday's news of an agreement between the US and European Commission over air subsidies.

Submarine builder VSEL tumbled 30 to 270p as dealers came to the view that a Labour government would not order a fourth Trident submarine.

Simon Engineering fell 8 to 244p over fears of payment difficulties for work the company has carried out in Armenia.

Suggestions that one marketmaker had been left holding unwanted Tate & Lyle shares pulled the stock down to 393p in early trading, but the price rallied to 398p to leave a decline of only 2 on the day.

Associated Fisheries retreated 8 to 108p on reporting profits down to £1m from £3.4m and a provision of £5.5m for losses involving Macfish, its joint venture with Geest. Unilever advanced 11 to 907p on a buy recommendation from S.G. Warburg and the sale of its animal feed business to Harrisons & Crosfield.

MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Colin Millham.

■ Other market statistics, Page 21.

EQUITY FUTURES AND OPTIONS TRADING

REPORTS of a Gallup opinion poll indicating a Labour party lead in the general election led to a weak closing in stock index futures, although turnover was again high following a volatile session, writes Joel Kibazo.

The June contract on the FT-SE started the session strongly, up 11 at 2,455, after Wednesday's opinion polls once again pointed to the prospect of a hung parliament. But dealers said there was no follow-through buying after the initial spurt and June was "sold off aggressively", falling to 2,425 by mid-morning.

A rally was seen in the contract during the afternoon session following a firm Wall Street, but talk about the latest opinion poll triggered selling by independent traders, sending June south once again to a weak close.

June ended at 2,427, down 19 from the previous session and around 6 points above its estimated fair value premium to cash of about 28. Turnover at 6,352 was again healthy.

In traded options, volume reached 33,297 contracts by the close. The FT-SE option once again took centre stage, trading a day's total of 15,012. The Euro FT-SE had 2,096 lots dealt. Activity in stock options was again poor, although better than on Wednesday.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday April 2 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Apr 1 Index No.	Tue Mar 31 Index No.	Mon Mar 30 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (179)	776.08	.....	7.97	6.14	16.41	7.91	775.67	784.44	787.05	887.71
2 Building Materials (22)	936.17	+0.7	6.81	6.76	20.51	2.76	929.87	939.03	946.97	1150.93
3 Contracting, Construction (28)	854.36	.....	7.71	8.26	19.50	8.17	854.01	870.84	877.82	1423.32
4 Electricals (8)	2331.48	+0.2	8.00	6.32	16.24	20.97	2326.05	2349.40	2365.33	2462.53
5 Electronics (29)	1733.09	-0.4	10.40	4.91	12.18	2.63	1740.46	1766.70	1784.26	1867.07
6 Engineering-Aerospace (7)	333.19	+1.7	10.16	7.77	12.80	9.52	327.64	333.76	335.41	461.78
7 Engineering-General (44)	478.70	-0.4	8.88	4.92	13.94	4.06	480.50	487.62	488.96	465.75
8 Metals and Metal Forming (8)	308.81	-0.6	2.02	11.22	-	0.32	310.59	316.46	316.77	501.94
9 Motors (14)	301.68	-1.0	9.03	7.80	14.45	4.81	304.81	310.09	309.53	354.59
10 Other Industrial Materials (19)	1613.72	.....	7.37	5.14	16.61	25.72	1613.02	1618.55	1614.91	1589.92
21 CONSUMER GROUP (183)	1580.01	-0.3	7.60	3.58	16.11	7.27	1584.42	1605.51	1608.17	1469.93
22 Brewers and Distillers (24)	1977.85	-1.1	8.17	3.68	14.73	7.92	1999.12	2016.51	2025.12	1793.87
25 Food Manufacturing (17)	1222.70	+0.8	8.97	4.29	13.90	8.41	1212.60	1223.50	1229.87	1201.00
26 Food Retailing (18)	2518.38	-1.5	8.75	3.36	14.85	4.30	2555.68	2585.39	2588.32	2771.24
27 Health and Household (24)	4167.52	+0.2	6.56	2.53	17.31	19.88	4159.44	4203.47	4193.89	3269.59
29 Hotels and Leisure (20)	1231.21	.....	7.27	5.53	17.49	8.54	1231.34	1255.18	1253.38	1383.48
30 Media (25)	1475.84	+0.2	6.51	3.72	19.35	9.98	1473.22	1497.57	1501.49	1498.63
31 Packaging, Paper & Printing (17)	714.63	-1.3	7.51	4.62	15.64	5.97	723.98	740.40	741.34	880.02
34 Stores (33)	955.95	-0.4	7.72	3.78	17.20	1.91	959.42	981.45	986.74	916.59
35 Textiles (10)	648.00	+0.1	7.53	4.79	16.65	2.69	647.15	657.78	654.26	562.33
40 OTHER GROUPS (116)	1150.08	+0.1	10.59	5.74	11.95	11.06	1148.52	1168.08	1172.92	1219.33
41 Business Services (17)	1254.79	-1.1	7.97	5.04	16.03	4.85	1269.03	1292.02	1279.26	1219.16
42 Chemicals (22)	1426.39	-0.9	7.26	5.10	16.89	20.70	1439.17	1463.13	1463.52	1275.90
43 Conglomerates (11)	1282.33	+0.6	11.10	7.84	11.01	3.18	1274.80	1288.77	1313.37	1570.53
44 Transport (14)	2309.28	-0.3	5.69	4.92	23.62	6.61	2315.71	2358.16	2362.50	2218.87
45 Electricity (16)	1054.68	-0.1	16.66	7.05	7.83	17.21	1056.04	1104.53	1109.04	1152.31
46 Telephone Networks (4)	1293.75	+0.9	12.12	4.85	10.78	16.02	1282.54	1300.80	1308.79	1436.32
47 Water (10)	2172.69	-1.1	19.63	7.32	5.61	0.00	2196.37	2245.25	2252.11	2467.39
48 Miscellaneous (22)	1855.12	+1.2	6.47	5.31	20.42	20.86	1832.71	1831.54	1831.66	1933.06
49 INDUSTRIAL GROUP (483)	1241.48	-0.1	8.57	4.71	14.60	8.87	1242.62	1260.10	1263.59	1252.15
51 Oil & Gas (17)	1952.61	-0.3	9.54	7.28	13.84	38.16	1957.79	1988.25	1995.89	2369.72
59 500 SHARE INDEX (500)	1308.25	-0.1	8.67	4.98	14.52	11.04	1309.69	1328.31	1332.13	1347.87
61 FINANCIAL GROUP (87)	647.08	-0.4	-	6.99	-	11.95	650.31	665.13	676.89	840.90
62 Banks (9)	807.07	-0.6	5.35	6.77	37.24	22.89	811.82	831.00	851.62	934.68
65 Insurance (Life) (6)	1289.36	-1.0	-	6.88	-	15.74	1301.80	1330.06	1351.38	1540.15
66 Insurance (Composite) (7)	438.42	+0.6	-	7.94	-	4.99	435.71	444.52	450.60	708.90
67 Insurance (Brokers) (10)	925.86	+2.4	8.42	7.24	15.63	18.78	904.32	919.66	921.30	1187.56
68 Merchant Banks (7)	412.40	-1.0	-	5.03	-	4.25	416.42	428.03	429.11	434.19
69 Property (33)	627.08	-1.1	9.17	7.24	14.94	1.32	633.86	651.54	661.38	1031.91
70 Other Financial (15)	223.71	-0.1	8.97	7.73	14.66	2.13	223.89	226.35	226.82	293.88
71 Investment Trusts (70)	1125.95	-0.1	-	3.95	-	10.34	1127.13	1143.96	1147.34	1213.77
99 ALL-SHARE INDEX (657)	1152.58	-0.1	-	5.17	-	11.03	1154.18	1171.71	1177.04	1223.55

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 1	Mar 31	Mar 30	Mar 27	Mar 26	Year ago
FT-SE 100 SHARE INDEX‡	2405.4	-3.2	2424.1	2394.1	2408.6	2440.1	2452.9	2447.9	2472.2	2524.5

FIXED INTEREST

PRICE INDICES	Thu Apr 2	Day's change %	Wed Apr 1	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (27)	120.00	-0.03	120.03	2.13	2.88
2 5-15 years (25)	131.61	+0.16	131.40	1.88	4.09
3 Over 15 years (9)	140.87	+0.40	140.31	2.07	2.78
4 Irredeemables (6)	155.84	-0.19	156.15	3.48	1.50
5 All stocks (67)	130.38	+0.12	130.23	2.04	3.57
Index-Linked					
6 Up to 5 years (2)	169.96		169.95	0.48	1.37
7 Over 5 years (9)	144.49	+0.02	144.46	0.78	1.20
8 All stocks (11)	144.81	+0.02	144.66	0.74	1.21
9 Debs & Loans (62)	113.12	-0.16	113.30	2.04	3.23

AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 2	Wed Apr 1	Year ago (approx.)
British Government				
1 Low	5 years	9.43	9.34	9.30
2 Coupons	15 years	9.70	9.72	9.51
3 (0%-7¾%)	20 years	9.70	9.72	9.59
4 Medium	5 years	10.27	10.28	9.82
5 Coupons	15 years	9.79	9.82	9.90
6 (8%-10¾%)	20 years	9.72	9.76	9.84
7 High	5 years	10.49	10.50	10.27
8 Coupons	15 years	9.96	9.99	10.03
9 (11%-)	20 years	9.85	9.86	10.06
10 Irredeemables		9.79	9.80	9.88
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.82	3.81	3.70
12 Inflation rate 5%	Over 5 yrs.	4.59	4.59	4.10
13 Inflation rate 10%	Up to 5 yrs.	3.14	3.14	2.88
14 Inflation rate 10%	Over 5 yrs.	4.40	4.40	3.90
15 Debs &	5 years	11.47	11.50	11.85
16 Loans	15 years	11.19	11.18	11.64
17	25 years	11.00	10.98	11.44

‡Opening index 2423.2; 9 am 2419.5; 10 am 2410.0; 11 am 2401.6; Noon 2396.0; 1 pm 2394.7; 2 pm 2397.4; 2.30 pm 2400.7; 3 pm 2401.9; 4.10 pm 2405.4. Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (8).
ENGINEERING GENERAL (1) Spirax-Sarco, HOTELS & LEISURE (1) Aiba, MISCELLANEOUS (2) Bluebird Toys, Spear (JW), MOTORS (1) Bletchley, OTHER INDUSTRIAL MATERIALS (2) Harris (Ph), Servomex, TRANSPORT (1) Dawsongroup.
NEW LOWS (125).
BRITISH FUNDS (5) Tr. 12½pc 1993, Tr. 13¾pc 1993, Tr. 14½pc 1994, Ex. 13½pc 1994, Tr. 15¼pc 1996, BANKS (11) Fuji, Kyowa Saitama, Mitsubishi, Mitsubishi T & B, Sakura, Sanwa, Sumitomo, Sumitomo T & B, Tokai, Toyo T & B, Yasuda T & B. BREWERS & DISTILLERS (2) Marston Thompson, Whitbread A, BUILDING MATERIALS (2) Blockleys, Sheffield Insits., BUSINESS SERVICES (1) Brooks Serv., CHEMICALS (1) Hartons, CONGLOMERATES (3) Gleves, Trafalgar House, Do. A, CONTRACTING & CONSTRUCTION (5) Barts, Higgs & Hill, Howard, McAlpine (A), Prowting, ELECTRICALS (2) Fujitsu, Mitsubishi, ELECTRICITY (3) East Midlands, Scott. Hydro, Scott Power, ELECTRONICS (1) Unitech, ENGINEERING GENERAL (4) Dyson (J & J), File Ismar, Locker (T) A, VSEL, FOOD MANUFACTURING (1) Assoc. Fisheries, FOOD RETAILING (1) Ashley, HOTELS & LEISURE (3) European Leis., Fairline Boats, Friendly Hts., INSURANCE BROKERS (1) Heath (CE), INSURANCE LIFE (2) Refuge, Utd. Friendly B, INVESTMENT TRUSTS (20) Abtrust Prfd. Inc., Baillie Gifford Japan, Contra-Cyclical Inc., Do. Cap., County Smllr Co's., Drayton Blue Chip, Electra, Fidelity Japan OTC Wrnts., Gartmore Enrg. Pacific Wrnts., JF Pacific Wrnt., Japan OTC Inc., Do. Wrnts., M & G Inc Geared Units, Murray Split Cap., River & Merc. Extra Inc. Wrnts., Schroder Jap. Wrnt., Do. Wrnts., Scott. Natl Inc., Do. Wrnts., Throg. USM Wrnts., MEDIA (2) Holmes Marchant, MMI, METAL & METAL FORMING (2) ASW, Barrett (H), MISCELLANEOUS (2) Excalibur, Ricardo Intl., MOTORS (2) Bostrom, Jacks (Wm), OIL & GAS (9) Aran Energy, Aviva Petrlm., Brabant Res., BP, Clyde Petrlm., Hardy Oil, Monument Oil, Pict Petrlm., Premier Oil, OTHER FINANCIAL (3) Lighthouse, London Scot., Smith New Court, PACKAGING PAPER & PRINTING (3) Kymmene, NMC, Do. 7½pc Prf., PROPERTY (22) Allied London, Do. 6¾pc Prf., Chesterfield, Clayform, Deb Towson & Chin, Frogmore Ests., Greycoat, Hammerson A, Helical Bar Do. 5½pc Prf. 2012, High-Point, Land Secs., Lon. Merchant, Mercuale Moore, Ossory Ests., Palmerston, Prior Scott Maurip, Shaftesbury, Sinclair Goldsmith, Slough Ests. 8¼pc Prf., UK Land, STORES (4) Bentalls, Oliver, Do. Rtd., Stylo, TEXTILES (3) Atkins, Jacques Vert, Lister, MINES (5) Anglesey, Beatrix, Doornfontein, Dvoca Gold, Vlacoya.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		35$\frac{3}{16}$xd	+$\frac{1}{8}$	36$\frac{11}{16}$	20$\frac{7}{8}$	15,123	1.9
♥Allegheny & W		295p	—	385p	218p	153.3	5.7
Amdahl		612p	-23	1159p	667$\frac{1}{2}$p	1,612	0.6
Amer Cyanamid		35$\frac{7}{8}$	—	42$\frac{1}{8}$	25$\frac{1}{4}$	3,345	2.4
Amer Express		13$\frac{1}{4}$xd	-$\frac{3}{16}$	17$\frac{7}{8}$	9$\frac{1}{16}$	6,233	4.3
Amer T & T		23$\frac{1}{16}$xd	-$\frac{1}{16}$	24$\frac{1}{2}$	15$\frac{1}{4}$	30,813	3.2
Ameritech		33	+$\frac{1}{4}$	38$\frac{1}{2}$	32$\frac{1}{2}$	14,448	6.0
BankAmerica		24$\frac{13}{16}$xd	-$\frac{5}{32}$	26$\frac{5}{8}$	12$\frac{3}{4}$	5,421	3.0
Bankers NY		31$\frac{1}{2}$xd	-$\frac{1}{16}$	38$\frac{1}{16}$	20$\frac{1}{16}$	2,388	8.7
Bell Atlantic		24$\frac{1}{8}$	+$\frac{1}{8}$	30$\frac{1}{2}$	23$\frac{1}{4}$	9,487	5.9
BellSouth		25$\frac{13}{16}$	-$\frac{3}{16}$	31$\frac{1}{4}$	25	12,588	6.0
♥Bethlehem Steel		8$\frac{1}{8}$xd	-$\frac{1}{8}$	11$\frac{1}{4}$	6$\frac{3}{16}$	638.3	—
Bowater		1387pxd	-16	1839p	1042$\frac{1}{2}$p	581.8	4.8
CPC		49$\frac{5}{8}$xd	+$\frac{1}{8}$	54$\frac{1}{16}$	37$\frac{11}{16}$	3,761	2.7
California Engy		693p	+41	930p	420p	128.2	—
Campbell Soup	h	21$\frac{1}{16}$	+$\frac{1}{16}$	25	14$\frac{1}{2}$	5,294	1.9
Chase Manhattan		13$\frac{7}{16}$xd	-$\frac{1}{16}$	14$\frac{11}{16}$	5$\frac{3}{8}$	1,827	5.0
Chrysler		10$\frac{3}{16}$xd	-$\frac{1}{16}$	10$\frac{5}{8}$	5$\frac{7}{8}$	3,014	3.3
Citicorp		9$\frac{1}{4}$xd	-$\frac{1}{8}$	10$\frac{1}{8}$	4$\frac{5}{8}$	3,777	—
Colgate-Palm		28$\frac{7}{16}$xd	-$\frac{1}{16}$	28$\frac{7}{8}$	21$\frac{3}{8}$	4,135	2.1
Cont'l Bank		971p	—	997p	438p	981.2	3.5
Dana		22$\frac{1}{2}$xd	+$\frac{3}{16}$	23$\frac{1}{8}$	13$\frac{5}{8}$	924.8	4.0
Data General		929p	-7	1262p	203p	146.0	—
Dial		21$\frac{7}{8}$xd	—	24$\frac{1}{8}$	7$\frac{7}{8}$	868.6	2.9
Dun & Brad		32$\frac{1}{8}$	-$\frac{1}{8}$	33$\frac{1}{2}$	20$\frac{1}{4}$	5,777	3.8
Eaton		43$\frac{3}{32}$	-$\frac{1}{32}$	45$\frac{1}{2}$	24$\frac{1}{4}$	1,489	2.9
Echlin		9$\frac{7}{8}$xd	-$\frac{1}{8}$	11	5$\frac{1}{2}$	551.5	4.0
FPL		19$\frac{1}{4}$xd	—	20$\frac{1}{8}$	14$\frac{3}{16}$	3,263	7.0
Fluor		22$\frac{7}{16}$xd	-$\frac{1}{16}$	30$\frac{3}{16}$	17$\frac{7}{16}$	1,829	1.0
Ford Motor		22$\frac{7}{8}$xd	-$\frac{7}{8}$	23$\frac{5}{16}$	13	10,592	2.5
Gen Elect		43$\frac{13}{16}$xd	-$\frac{7}{16}$	48$\frac{13}{16}$	28$\frac{3}{16}$	38,075	2.7
♥General Host		580p	—	586p	270p	—	4.0
Gillette		27$\frac{7}{8}$xd	+$\frac{1}{8}$	49$\frac{3}{4}$	30$\frac{7}{8}$	6,826	1.3

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc	85½	—	118	85	13.8	—	—
Cap	15	+1	88	12½	—	—	—
Stepped Pf ... t	128¼	-½	133½	113	8.8	—	—
Zero Div Pf	167½	—	172½	141	—	—	—
Warrants	3½	-¼	19	3½	—	—	—
Scot Value ... a	68½	—	78	46¼	2.9	58.4	0.6
Sec Alliance ... t	1185	-1	1255	882	4.8	1319.0	12.1
Second Market ... s	238	—	238	199	8.9	280.3	15.8
Sec Tst Scot ... t	63½	+½	75	57½	6.5	70.0	10.8
Select Assets	99	—	102	71	1.2	133.5	25.8
Eq Ind Sert	118	—	121	89	5.2	—	—
Eq Ind Sertl	118	—	121	88	5.2	—	—
Shires ... t	197	+1	258	191	12.8	214.4	8.1
11pc Cv Ln '03/04	£93½	—	£120½	£97½	11.1	—	—
Sare Select	47	—	55	78	1.8	105.4	17.3
Warrants	18	—	31	17	—	—	—
Smaller Cos	68	—	99	60	4.8	79.6	18.3
Warrants	10	—	35	8	—	—	—
Sphere Inc	18	—	39	14¾	34.4	21.3	32.0
Zero Div Pf	60½	+½	60¾	58¾	—	—	—
Warrants	0¾	—	9½	0¾	—	—	—
Stratton	147	—	158	120	1.7	183.8	20.1
Somit	40	—	118	38	4.2	108.0	63.0
TR City of Lon ... M	101	+½	121¼	90	8.4	105.6	4.3
TR Euro Growth ... s	85	—	104	78	1.8	99.8	14.8
Ptg Sub ... s	58	—	58	40	2.7	—	—
TR Far East Inc ... M	88	+1	94	68	8.7	100.8	11.8
Warrants	13	—	23	12	—	—	—
TR High Inc	82	—	115	85	8.8	93.0	1.0
Sub ... 0	28	—	36	24	7.1	—	—
TR Pacific ... s	88	+1	92	49	8.4	98.8	8.5
TR Prop	22	—	37	22	8.8	31.5	30.7
TR Smaller	120	—	135	98	4.1	142.2	15.8
TR Technology ... M	28	—	82	20	8.9	104.9	73.3
Stepped Pf	94¾	—	98	70½	7.8	—	—
Zero Pf	168	—	174½	117½	—	—	—

MERCHANT BANKS - Cont.

Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
Hambros ... †	228	-3	382	204	383.5	7.5	9.[illegible]
7½pc Cv Pf	98	-1	128	90	148.8	10.1	
Joseph (L)	323	—	410	323	18.8	8.5	
Kleinwort Benson	214	-1	377	214	278.2	10.8	15.[illegible]
Rea Bros	39	—	46	34	11.0	2.4	17.[illegible]
Schroders	1070xd	-2	1143	840	528.8	2.2	
N/V	863xd	—	953	425	118.8	2.7	
Singer & Fried	43xd	—	58	33	[illegible]	7.8	
Warburg (SG) ... †	480	-8	[illegible]	304	991.8	4.8	
8pc Cv Pf	188	-1	282	188	88.1	5.8	
Wintrust	216	—	282	215	18.2	5.8	

METALS & METAL FORMING

Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	134xd	-1	278	124	82.7	9.7	
Apollo Metals	133	—	148	113	[illegible]	[illegible]	12.[illegible]
Ash & Lacy	147	—	[illegible]	[illegible]	30.7	6.0	
Barrett (H)	34	—	118	23	18.4	11.1	56.[illegible]
Billam (J)	100xd	—	118	80	1.72	5.4	5.[illegible]
Brassway	14½	—	18	11	11.1	4.7	27.[illegible]
Brit Steel	69½	—	148	61	1,386	17.5	
Bromsgrove ... M	108	—	*141½	98½	88.1	5.8	7.[illegible]
BCI	16	—	35	15	13.8	17.1	3.[illegible]
Castings ... †	122	—	132	78	26.3	4.0	8.[illegible]
Chamber & Hill	90	—	109	85	6.50	8.5	6.[illegible]
Clayhithe ... M	50	—	82¾	35	5.84	9.5	2.[illegible]
9½pc Cv 2000-1	097½	—	[illegible]	102½	[illegible]	14.1	
Cohen (A)	360	—	[illegible]	350	6.48	[illegible]	[illegible]
Cook (Wm) ... †	288	—	334	203	[illegible]	7.2	7.[illegible]
Cooper (F)	98	—	88	48	18.8	10.1	30.[illegible]
Cronite	38	-1	48	12	4.71	—	
Downiebrae	38	—	38	27	8.38	3.7	13.[illegible]
Firth (GM) ... ‡	38	—	48	18	10.1	‡	

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

MOTORS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
††Glencar Expl IE	13	—	34	11	2.40	—
Greenwich Res	7	—	28	7	5.18	—
Hemlo Gold C$	64¼	+¼	59¼	53¾	397.7	2.8
Homestake $	67¾	—	£11¼	67¼	792.8	1.5
††Ivernia West IE	43	—	61	30	12.7	—
††Kells Mins IE	36	—	48	32	6.67	—
Lonmore	4½	—	28	3½	4.32	—
††Navan Res IE	25	—	28	15	3.36	—
Northgate Expl C$ ... s	39	—	88	37	4.82	—
North West Expl A$	3	—	18	2	1.61	—
Oryx Gold $	81	—	188	51	—	—
††Ovoca Gold IE	8	—	23	6½	8.42	—
Plateau	8	—	44	8	4.18	—
RTZ ... s	578xd	-3	808	404	5,788	4.5
Viscaya	1	-½	18	1	0.83	—
Western & Pac C$	38	-8	182	7	18.8	—
Young Grp	358	—	193	25	6.27	19.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock."
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- \# Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
[illegible]						
Abbey Unit Tst Mngrs (1000)H						
[illegible]						
Brown Dolphin Unit Tst Mgrs Ltd (0905)F						
[illegible]						
Britannia Life Unit Managers Ltd (1200)F						
[illegible]						
Brown Shipley & Co Ltd (1800)F						
[illegible]						
Confederation Funds Mngt Ltd (1200)F						
[illegible]						
Consistent Unit Tst Mngt Co Ltd (1200)F						
[illegible]						
Co-op Pension Fds UT Mgrs Ltd (1000)F						
[illegible]						
Cornhill Unit Trust Mngrs Ltd (1000)F						
[illegible]						
Crown Unit Tst Services Ltd (1200)H						
[illegible]						

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

FT MANAGED FUNDS SERVICE

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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Norwich Union Life Insurance Soc.–Contd.

Provident Mutual Life Assc. Assn.–Contd.

Scottish Amicable

Sun Alliance Group

Wesleyan Assurance Society

Providence Capital International Ltd – Contd.

J. D. Ward Financial Services Ltd

Rothschild Asset Management–Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or −	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625999				
High Income 5	[illegible]	0.4763	[illegible]	10.38
CMI Core Portfolio Fund				
UK 5	0.9615	1.0298	[illegible]	−
USA 5	1.0728	1.1371	[illegible]	−
Japan 5	0.4846	0.5115	[illegible]	−
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd 5	95.50	95.50 / 101.52	+0.03	10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Ind Grth 5¼	483.5	483.5 / 518.0	−1	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
LJ International 3½	89.83	89.83 / 96.70	−0.59	−
Mercury Fund Managers IoM Ltd				
12 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund 5	96.77	96.77 / 103.31	−0.10	7.3
Merc Intl Bond 5	50.52	50.52 / 53.09	−0.05	8.7
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Secure High Income 6	1.0057	1.0057 / 1.0783	[illegible]	10.35
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 06246 26484				
Scandinavia Fd 5	−	141.26 / 150.61	.....	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or −	Yield Gross
AYC Fund Management				
56 International	$10.66		.....	−
CMI Fund Mngrs (IOM)				
Traders Fund Ltd	$17.30	18.70	.....	−
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
[illegible]	60.0	72.0	.....	0.00
[illegible]	51.03	1.24	.....	0.00
Beckman Reserve Assets	104	104	.....	2.67
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	129.7	136.2	.....	4.7
DL International	51.51	1.61	.....	1.6

	Init Charge	Canc Price	Bid Price	Offer Price	+ or −	Yield Gr's
Citibank—Contd.						
Equity Funds						
Global Equity			$16.718		(z)	−
Japan Equity Apr 2			$7.160		.....	−
European Equity Mar 23			$15.193		.....	−
US Em-Hith Mar 30			$24.608		.....	−
US Em Tech Mar 30			$20.570		.....	−
Chicare Mar 30			$37.759		.....	−
Bond Funds						
Global Bond			$16.208		(z)	−
GNMA Bond Mar 30			$14.645	14.650	.....	−
HYB (A) Mar 30			$87012.912		.....	−
EBC Trust Company (Jersey) Ltd						
EBC Amro Traded Currency Fund Ltd*						
Income			$15.19	15.65	.....	2.75
Capital			$23.64	24.35	.....	5.50
*Offer price includes 3% prelim. charge						
International Income Fund						
Eurobd.Long Term*			$32.81	34.2999	.....	4.43
* Offer Price includes 3½% Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Mar 26 C$12.67						
First Aust Prime Inc Inv Co Ltd NAV Mar 26 US$10.65						
NAV Diluted to reflect exercise of all Wrrts C$12.31 US$10.39						
Fidelity Investment (CI) Ltd						
Sterling American			£2.479	2.609	+0.003	−
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Deutschland Inv Co NAV			DM16.53		.....	−
Foreign & Colonial Mngmt (Jersey) Ltd						
Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10.63			−
Multicurrency Cash			$16.97		+0.07	−
Sterling Cash			£21.71		.....	−
US$ Bonds			[illegible]		+0.08	−
Multicurrency Bonds			$19.21		−0.02	−
Sterling Bonds			£12.67		−0.08	−
D Mark Bonds			DM10.37		−0.01	−
Ecu Bonds			Ecu11.57		−0.02	−
UK Equities			£9.76		−0.14	−
US Equities			$15.93		−0.05	−
Japanese Equities			Y650		−0.22	−
Global Equities			$10.40		−0.19	−
[illegible] Management (Jersey) Ltd						
[illegible] NAV Apr 2			$10.51		.....	−
[illegible] NAV Mar 27			$8.43		.....	−
Paragon Fd NAV Mar 31			$10.29		.....	−
Paragon Redemption			$9.99		.....	−
Hungarian Inv Co Feb 28			103.85		.....	−

For Holborn Fund Mngrs see Prudential Fund Mngrs

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or −	Yield Gross
Orbis Investment Management Ltd				
Orbis Global Eqty	$12.97	13.64	.....	−
Orbis Optimal Eqty	$17.32	18.20	.....	−
Orbis Leveraged Eqty	$18.95	20.03		−
* Prices on Mar 26 Next Pricing Apr 2 Weekly Pricing				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Feb 28	$10.01		.....	−
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$14.84	15.67	−0.03	0.88
[illegible] Warrants	$3.51	3.72	−0.20	−
Asian Warrants	$11.07	11.72	−0.11	−
European Warrants	$4.64	4.92	+0.05	−
Managed	HK$10.52	11.14	−0.15	−
Private Capital Tst	$19.80		−0.09	−
Wellington Fd Mngrs (Bermuda) Ltd				
Intnl Growth Fd	$13.18	13.85	.....	−
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$10.76		+0.05	−
Wells Fargo B Shs (z)	$9.84		−0.08	−
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0983		.....	−
Xiphias Int ECU	Ecu1.0780		.....	−
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$11.14		+0.13	−

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities) x Offered price includes all expenses except agent's commission. z Previous day's price. ¶¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ±± Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase ad ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey, Financial Services Commission; Ireland, Central Bank of Ireland; Isle of Man, Financial Supervision Commission; Jersey, Commercial Relations Department; Luxembourg, Institut Monétaire Luxembourgeois

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits crucial figures

THE DOLLAR dropped by more than a pfennig in an uncertain market as dealers trimmed long positions and adopted a defensive stance before today's crucial US jobs data, *writes Neil Buckley.*

Dollar optimism was dented yesterday by disappointing weekly jobless claims figures, which showed a rise of 9,000 to 456,000, compared with the slight fall that had been expected. However, factory orders rose 0.5 per cent, slightly above expectations.

Dealers are looking for today's March non-farm payroll figures to provide further evidence that a US economic recovery is really under way and will not falter as it did last year. They said a strong figure could propel the dollar through resistance at DM1.6625 towards DM1.67, and possibly through the Y135 barrier. Most estimates are of an increase of 20,000 to 70,000, with the average at around 45,000, although some analysts are more cautious.

"There's certainly a lot of pessimism around and everyone is concentrating on what could go wrong with the figures," said Mr Steven Barrow, treasury adviser at Chemical Bank.

The dollar drifted to DM1.6450 and Y133.90 at the close, having reached highs of DM1.6591 and Y134.98 in the morning. These early tests of upside resistance were fuelled by another weak performance by Japanese stocks, with the Nikkei index dropping a further 1.59 per cent, after a 3.95 per cent slide on Wednesday.

However, unfounded rumours that the Bundesbank might be about to raise interest rates injected a note of caution into the market, which persisted even when German rates remained unchanged.

In Tokyo, the dollar had also fallen back after an early surge, closing at DM 1.6567 and Y134.77 after New York closes of DM1.6508/18 and Y134.50/60 on Wednesday.

The French franc surged to a nine-month high against the D-mark after Mr Pierre Beregovoy, finance minister, replaced Mrs Edith Cresson as prime minister - a move warmly welcomed by the markets. Mr Beregovoy is respected for his tough monetary stance and promotion of a stable franc.

The franc opened at FFr3.3910 and later firmed to FFr3.3870/73 in lively trading.

Sterling fell towards the close, although dealers said this was mainly because it had come under pressure on the cross as the dollar lost ground against the D-mark, rather than because of any inherent weakness. Two opinion polls contradicting the decisive lead given to the opposition Labour party by three polls on Wednesday had earlier improved sterling sentiment. It closed at DM2.8451/85 after a DM2.8493/8528 close on Wednesday.

Against the dollar, sterling rose more than half a cent to $1.7300, from $1.7240.

£ IN NEW YORK

Apr 2	Latest	Previous Close
£ Spot	1.7290-1.7300	1.7260-1.7270
1 month	0.92-0.91pm	1.01-0.99pm
3 months	2.86-2.84pm	2.89-2.94pm
12 months	9.90-9.80pm	10.05-9.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.2	Previous
8.30 am	89.9	89.9
9.00 am	89.9	89.9
10.00 am	89.9	89.9
11.00 am	90.0	90.0
Noon	90.0	89.9
1.00 pm	90.0	89.9
2.00 pm	90.0	89.9
3.00 pm	90.0	89.9
4.00 pm	89.9	90.0

CURRENCY MOVEMENTS

Apr 2	Bank of England Index	Morgan** Guaranty Changes %
Sterling	89.9	-21.5
U.S. Dollar	65.0	-13.2
Canadian Dollar	100.8	-1.4
Austrian Schilling	110.3	+12.4
Belgian Franc	111.8	-1.7
Danish Krone	109.1	+3.2
D-Mark	118.9	+25.2
Swiss Franc	105.7	+13.7
Dutch Guilder	114.7	+16.4
French Franc	104.0	-12.4
Lira	98.7	-20.0
Yen	137.8	+70.6
Peseta	107.0	-18.7

Morgan Guaranty changes, average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.1

CURRENCY RATES

Apr 2	Bank rate %	Special* Drawing Rights	European† Currency Unit
[illegible]			

OTHER CURRENCIES

Apr 2	£	$
[illegible]		
Finland	7.7825 - 7.7955	4.5030 - 4.5060
Greece	328.700 - 333.950	190.770 - 193.830
Hong Kong	13.3715 - 13.3845	7.7385 - 7.7405
Iran	2495.00*	1430.00*
Korea(Sth)	1325.80 - 1347.20	770.40 - 779.60
Kuwait	0.50870 - 0.50970	0.29500 - 0.29550
Luxembourg	58.60 - 58.70	33.85 - 33.95
Malaysia	4.4585 - 4.4675	2.5800 - 2.5820
Mexico	5215.55 - 5227.20	3058.00 - 3060.00
N.Zealand	3.1710 - 3.1745	1.8345 - 1.8365
Saudi Ar	6.4120 - 6.4885	3.7495 - 3.7505
Singapore	2.8585 - 2.8655	1.6565 - 1.6585
S.Af (Cm)	4.9825 - 4.9950	2.8865 - 2.8880
S.Af (Fn)	6.0015 - 6.1080	3.4720 - 3.5335
Taiwan	43.80 - 44.00	25.35 - 25.45
U.A.E.	6.2785 - 6.3550	3.6715 - 3.6735

*Floating rate. Iran Official rate £114.90 $67.00

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 2	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.336	-3.21	6.14	55
Belgian Franc	42.4032	42.0281	-0.88	3.64	36
Dutch Guilder	2.31643	2.29877	-0.76	3.52	31
D-Mark	2.05586	2.04192	-0.68	3.43	35
Irish Punt	0.767417	0.767195	-0.03	2.76	-5
Italian Lira	1538.24	1540.71	0.16	2.56	-14
French Franc	6.89509	6.91805	0.33	2.39	-25
Danish Krone	7.84195	7.92418	1.05	1.66	-54
Sterling	0.696904	0.715916	2.73	0.00	-83

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7210 - 1.7315	1.7295 - 1.7305	0.94-0.92cpm	6.45	2.89-2.85pm	6.64
Canada	2.0555 - 2.0675	2.0645 - 2.0665	0.62-0.57cpm	3.46	1.29-1.25pm	2.46
Netherlands	3.2000 - 3.2150	3.2000 - 3.2100	¼-⅛cpm	0.94	1-¾pm	1.09
Belgium	58.45 - 58.80	58.60 - 58.70	5-1cpm	0.72	21-16pm	1.26
Denmark	11.0250 - 11.0775	11.0275 - 11.0375	¾-¼orepm	0.54	2⅝-1⅝pm	0.82
Ireland	1.0705 - 1.0780	1.0770 - 1.0780	0.01-0.03cdis	-0.22	0.03-0.10dis	-0.24
Germany	2.8425 - 2.8550	2.8425 - 2.8475	¼-⅛pfpm	0.79	⅞-⅝pm	1.05
Portugal	244.30 - 246.15	244.50 - 245.50	46-61cdis	-2.62	147-168dis	-2.57
Spain	180.30 - 180.90	180.30 - 180.60	30-35cdis	-2.16	75-85dis	-1.77
Italy	2143.75 - 2153.75	2145.50 - 2146.50	1-3liredis	-1.12	4-7dis	-1.03
Norway	11.1550 - 11.2150	11.1800 - 11.1900	1¼-¼orepm	0.74	2-1¼pm	0.58
France	9.6275 - 9.6750	9.6350 - 9.6450	½-¼cpm	0.47	2¼-1½pm	0.75
Sweden	10.3150 - 10.3625	10.3150 - 10.3250	⅞-¼oredis	-0.65	⅞-1⅞dis	-0.53
Japan	231.25 - 232.50	231.25 - 232.25	1¼-1⅛ypm	6.15	3⅜-3¼pm	5.72
Austria	19.98 - 20.09	19.98 - 20.01	2¼-1⅛gropm	1.01	8¼-6¼pm	1.43
Switzerland	2.5925 - 2.6100	2.5925 - 2.6025	⅜-⅛cpm	1.15	1⅛-1pm	1.64
Ecu	1.3915 - 1.3975	1.3945 - 1.3955	0.12-0.07cpm	0.82	0.32-0.21pm	0.76

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.56-5.51pm. 12 Month 9.94-9.84pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7210 - 1.7315	1.7295 - 1.7305	0.94-0.92cpm	6.45	2.89-2.85pm	6.64
Ireland†	1.6060 - 1.6200	1.6185 - 1.6195	0.89-0.86cpm	6.49	2.54-2.47pm	6.19
Canada	1.1910 - 1.1960	1.1920 - 1.1930	0.28-0.31cdis	-2.97	0.85-0.88dis	-2.90
Netherlands	1.8490 - 1.8670	1.8515 - 1.8525	0.83-0.86cdis	-5.48	2.49-2.53dis	-5.42
Belgium	33.85 - 34.15	33.85 - 33.95	14.00-16.00cdis	-5.31	45.00-48.00dis	-5.49
Denmark	6.3750 - 6.4350	6.3750 - 6.3800	3.05-3.35oredis	-6.02	9.00-9.60dis	-5.83
Germany	1.6415 - 1.6590	1.6445 - 1.6455	0.76-0.77pfdis	-5.58	2.29-2.31dis	-5.59
Portugal	141.50 - 142.50	141.55 - 141.65	102-108cdis	-8.90	325-335dis	-9.32
Spain	104.25 - 105.10	104.30 - 104.40	72-74cdis	-8.39	212-217dis	-8.22
Italy	1239.00 - 1251.00	1240.25 - 1240.75	7.80-8.30liredis	-7.79	23.80-24.80dis	-7.84
Norway	6.4600 - 6.5150	6.4625 - 6.4675	3.15-3.45oredis	-6.13	9.40-9.90dis	-5.97
France	5.5650 - 5.6250	5.5700 - 5.5750	2.70-2.75cdis	-5.87	8.10-8.20dis	-5.85
Sweden	5.9625 - 6.0225	5.9625 - 5.9675	3.55-3.80oredis	-7.39	10.60-11.05dis	-7.26
Japan	133.60 - 135.00	133.85 - 133.95	0.06-0.07ydis	-0.58	0.16-0.18dis	-0.51
Austria	11.5825 - 11.6700	11.5825 - 11.5875	4.85-5.25grodis	-5.23	14.60-15.80dis	-5.25
Switzerland	1.4985 - 1.5155	1.5010 - 1.5020	0.60-0.63cdis	-4.92	1.74-1.78dis	-4.69
Ecu	1.2315 - 1.2450	1.2440 - 1.2450	0.61-0.58cpm	5.74	1.74-1.78pm	5.66

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10 - 9¾	10 - 9¾	10⅛ - 10⅛	11⅛ - 11	11¼ - 11⅛	11⅝ - 11½
US Dollar	4⅜ - 4⅛	4⅜ - 4⅛	4½ - 4⅜	4⅝ - 4½	4⅞ - 4¾	5⅜ - 4⅞
Can. Dollar	6⅝ - 6½	6⅝ - 6½	7 - 6⅞	7⅛ - 6⅞	7⅜ - 7¼	7⅝ - 7½
Dutch Guilder	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9¾	9⅝ - 9½	9½ - 9⅜
Swiss Franc	9 - 8¾	9 - 8¾	9⅛ - 8⅞	8⅞ - 8¾	8⅞ - 8⅝	8⅝ - 8½
D-Mark	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
French Franc	9⅞ - 9⅞	9⅞ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10¼ - 10	10¼ - 10
Italian Lira	12 - 10	12 - 11½	12¼ - 11¾	12¼ - 11¾	12¼ - 11⅞	12¼ - 11⅞
Belgian Franc	9½ - 9¼	9½ - 9¼	9⅞ - 9⅝	9⅞ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
Yen	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½
Danish Krone	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10
Asian $Sing	3 - 2¾	3⅛ - 2⅞	3¼ - 3⅛	3¼ - 3⅛	3⅜ - 3¼	4 - 3⅞
Spanish Peseta	12¾ - 11⅞	12¾ - 11⅞	12¾ - 12⅛	12⅝ - 12¼	12¾ - 12⅝	12¾ - 12⅝

Long term Eurodollars: two years 6-5¾ per cent; three years 6⅞-6⅝ per cent; four years 7¼-7 per cent; five years 7⅝-7⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.2	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Ecu
£	1	1.730	2.845	231.7	9.640	2.597	3.205	2146	2.065	58.65	1.395
$	0.578	1	1.645	133.9	5.572	1.501	1.853	1240	1.194	33.90	0.806
DM	0.351	0.608	1	81.44	3.388	0.913	1.127	754.3	0.726	20.62	0.490
YEN	4.316	7.467	12.28	1000.	41.61	11.21	13.83	9262	8.912	253.1	6.021
F Fr.	1.037	1.795	2.951	240.4	10.	2.694	3.325	2226	2.142	60.84	1.447
S Fr.	0.385	0.666	1.095	89.22	3.712	1	1.234	826.3	0.795	22.58	0.537
H Fl.	0.312	0.540	0.888	72.29	3.008	0.810	1	669.6	0.644	18.30	0.435
Lira	0.466	0.806	1.326	108.0	4.492	1.210	1.493	1000.	0.962	27.33	0.650
C $	0.484	0.838	1.378	112.2	4.668	1.258	1.552	1039	1	28.40	0.676
B Fr.	1.705	2.950	4.851	395.1	16.44	4.428	5.465	3659	3.521	100.	2.379
Ecu	0.717	1.240	2.039	166.1	6.910	1.862	2.297	1538	1.480	42.04	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS — [illegible]

LIFFE BUND FUTURES OPTIONS — [illegible]

LIFFE EUROMARK OPTIONS — [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS — [illegible]

LIFFE SHORT STERLING OPTIONS — [illegible]

LONDON (LIFFE) — [illegible]

CHICAGO — [illegible]

PHILADELPHIA SE £/$ OPTIONS — [illegible]

PARIS — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
105	-	-	-	0.11	-	-
106	1.54	-	-	0.25	0.61	-
107	0.81	-	1.83	0.54	-	-
108	0.38	0.96	1.33	1.08	-	-
109	0.14	0.62	-	1.83	-	-
110	0.05	0.35	-	-	-	-
111	0.02	0.20	-	-	-	-
Open Int.	130,510	33,099	5,050	97,412	15,389	1,650

Estimated volume 32,811 Total Open Interest 283,110

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Jun	1165.0			1156.0
N				
A				

Estimated volume 0 (0)
Previous day's open int. 18 (18)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth
1.7300	1.7207	1.7013	1.6745	1.6320

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk	10.5	● United Bk of Kuwait	10.5
Unit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Trading calms again

THE UK money market was calmer yesterday after frenzied dealing on Wednesday, as two new opinion polls contradicted those that had given the opposition Labour party a clear lead.

Dealers said an inevitable mood of uncertainty hung over the market as it entered the final week before the general election on April 9, but that prices had already gone a long way towards discounting a Labour majority or hung parliament.

The key three-month interbank rate eased slightly to 11⅛-11 per cent from 11¼-11⅛ on Wednesday. The six-month and one-year rates were also each down by ⅛ point to 11¼-11⅛ per cent and 11⅝-11½ per cent respectively. Rates still reflected expectations of at least a half-point rise in the base rate, although analysts point out that historically, rises have tended to be at least a full point.

June short sterling opened up eight basis points at 88.80, but later dropped back to 88.71 in fairly slow trading.

Day-to-day funding was relatively cheap, despite a shortage forecast that was nearly twice what the market was expecting, with the Bank of England apparently seeking to foster comfortable credit conditions and alleviate pressure on the shorter interbank rates.

The Bank forecast a shortage of around £800m, and acted early to plug the gap, purchasing a total of £725m, comprising £405m of band 1 bank bills and £120m band 2 band bills, both at 10⅜ per cent, as well as £200m for resale on April 13 at 10⅞ per cent.

Overnight rates dropped below 8 per cent as a result, and although the forecast was revised upwards to £850m at midday, with no further operations by the Bank, they firmed only to 9-8½ per cent.

The Bank again did not act in the afternoon, until it provided late assistance of £35m. This left around £90m of the shortage uncovered, pushing up overnight money to 10½-10 per cent towards the close.

German call money rates rose close to the Bundesbank's emergency Lombard rate of 9.75 per cent, after the bank removed a hefty DM9.4bn from the system with this week's securities repurchase transaction on Wednesday.

Dealers quoted call money at 9.70/75 per cent, compared with 9.65/70 per cent the day before.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.2) 3 months US dollars		6 months US Dollars	
bid 4⅜	offer 4½	bid 4⅝	offer 4¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

Prime rate	6½
Broker loan rate	6
Fed.funds	4⅛
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.82	Three year	6.04
Two month	4.02	Five year	6.87
Three month	4.12	Seven year	7.18
Six month	4.27	10-year	7.48
One year	4.47	30-year	7.92
Two year	5.55		

Apr.2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.65-9.75	9.65-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅝-9⅞	9⅞-10⅛	9⅞-10⅛	10-10⅛	10-10⅛	9.60
Zurich	7⅞-8⅛	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	9.43-9.56	9.53-9.58	-	9.53-9.58	-	-
Tokyo	4⅝-4⅞	4⅝-4⅞	-	4⅝-4⅞	-	-
Milan	11-12½	12⅛-12⅜	-	12⅛-12⅜	-	-
Brussels	9⅛-9⅞	9⅝-9⅞	-	9⅝-9⅞	-	-
Dublin	10⅛-10⅜	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	-

LONDON MONEY RATES

Apr 2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10⅛	10⅞	11⅛	11¼	11⅝
Interbank Bid	6½	9¾	10⅝	10⅞	11	11½
Sterling CDs	-	-	10⅝	11⅛	11⅛	11½
Local Authority Deps.	10	10⅛	10¾	11⅛	11¼	11⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	8½	9⅞	-	-	-	-
Company Deposits	-	-	11⅛	11⅛	11¼	11⅝
Finance House Deposits	-	-	11⅛	11⅛	11⅜	11⅝
Treasury Bills (Buy)	-	-	10⅜	10½	10½	-
Bank Bills (Buy)	-	-	10⅞	10⅝	10⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.22	4.27	4.42	4.88
SDR Linked Dep. Offer	-	-	6¾	6⅞	6⅞	7⅛
SDR Linked Dep. Bid	-	-	6⅝	6¾	6¾	6⅞
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10¼	10¼
ECU Linked Dep. Bid	-	-	9⅝	9⅞	10	10

Treasury Bills (sell); one-month 10⅜ per cent; three months 10¼ per cent; six months 10⅛ per cent; Bank Bills (sell); one-month 10⅛ per cent; three months 10⅛ per cent; Treasury Bills; Average tender rate of discount 10.2134 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1992. Agreed rates for period Apr 26, 1992 to May 25, 1992, Scheme I: 11.77 p.c., Schemes II & III: 11.84 p.c. Reference rate for period Feb 29, 1992 to March 31, 1992, Scheme IV & V: 10.643 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from April 1, 1992. Bank Deposit Rates for sums at seven days notice 6 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9⅛ per cent; three-six months 9⅛ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.7,815 Set by VIXEN

ACROSS

1 Footwear maker boasts appallingly (6)
4 The boards going about work quietly due to a strike (8)
9 He gets around a woman, the German male (6)
10 Genuine girl sent as arranged (8)
12 Held back from retiring (8)
13 The charm of a university man's unpretentious home (6)
15 Article returned if lacking in subtlety (4)
16 Everyone will appear in grey get-up in the grand style (7)
20 A sportsman should be among animals, he argues (7)
21 Care for nothing (4)
25 Charles's holding in bonds (6)
26 Sing a number inside undisturbed (8)
28 Relating to reform as essential (8)
29 To stay in the Hebrides is to have a wonderful holiday (6)
30 Complaisant about the party backing a hard worker (8)
31 Gave satisfaction - first of all to Edward (6)

DOWN

1 Cutting or bearing with audience (8)
2 Supports relations – is on guard (8)
3 Those persons holding gold as a speculation (6)
5 Carry a little child. There's point to that (4)
6 Left with expert but may well be moved (8)
7 Each one includes a cooked dish (6)
8 The GIs formed into crews (6)
11 Common soldier (7)
14 A malicious woman being doubly hesitant, he'll offer the menu (7)
17 The adolescent generate confusion (8)
18 Take advantage of the people present (8)
19 Hated examination indeed! (8)
22 Players' lines of some description (6)
23 Palest possible colour (6)
24 Payment due in lieu of leave (6)
27 Green cotton (4)

Solution to Puzzle No.7,814

WORLD STOCK MARKETS

AUSTRIA

April 2	Sch	+ or −
Austrian Airlines	2,650	+5
Creditanstalt Pf	519	−6
EA General	3,580	−10
EVN	829	−4
Jungbunzlauer	12,600	−1
OeMV	964	−12
Perlmooser Zement	1,625	....
Radex Heraklith	562	−2
Reininghaus Brue	1,600	−21
Steyr Daimler	232	−4
Veitscher Magnesit	358	−3
Verbund (Br) A	520	−9
Wienerberger	4,750	−35
Z-Laenderbank	1,070	+20

BELGIUM/LUXEMBOURG

April 2	Frs.	+ or −
ACEC-Union Min	2,340	....
AG Group	2,045	−5
Arbed	4,100	−40
BBL	3,375	−5
Bank Intl a Lux	11,950	....
Banq Gen Lux Ps	12,150	....
Barco	1,206	+2
Bekaert	12,025	....
CBR Ciment	8,340	+10
Cobepa	5,060	
Cobepa AFV 1	4,980	+5
Cockerill Priv	154	+2
Colruyt	4,750	+90
Delhaize Frs Lion	9,410	....
Electrabel	4,895	+5
Electrabel AFV	4,820	....
Electrafina ACT	2,510	−10
GBL	3,200	+10
GBL AFV 1	3,210	+10
GIB Group	1,372	+24
GIB Group AFV	1,304	+22
Gechem	354	−6
Gechem AFV	370	−5
Generale Banque	6,610	+100
Gen Banque AFV1	6,540	+120
Gevaert	6,990	[illegible]

INDICES

NEW YORK

DOW JONES	Apr 1	Mar 31	Mar 30	Mar 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3249.33	3235.47	3235.24	3231.44	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.82	98.61	98.49	98.89	99.81 ([illegible])	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1381.17	1383.78	1372.38	1379.67	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.49	205.62	203.87	203.34	225.98 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3262.52 (3272.81) Low 3202.37 (3216.46)

STANDARD AND POOR'S

	Apr 1	Mar 31	Mar 30	Mar 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	404.23	403.69	403.00	403.50	420.77 (15/1)	403.00 (30/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials ‡	481.30	480.15	479.41	480.33	499.27 (15/1)	479.41 (30/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	33.88	34.07	34.09	34.08	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	223.42	223.25	222.99	223.31	231.85 (15/1)	222.99 (30/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	393.15	395.04	393.61	394.36	418.99 (12/2)	393.15 (1/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	602.09	603.77	602.07	604.67	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 27	Mar 20	Mar 13	year ago (approx.)
Dow Industrial Div. Yield	2.86	2.80	2.84	3.53

	Mar 25	Mar 18	Mar 11	year ago (approx.)
S & P Industrial div. yield	2.62	2.61	2.64	2.88
S & P Indl. P/E ratio	28.78	28.91	28.51	17.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Chicorp	2,814,500	16	− ½
[illegible]	2,485,900	37⅛	− 3⅛
Bristol Myers	2,196,700	77⅞	+ 1⅛
Oak Ind	2,179,200	2⅞	+ ⅛
[illegible]	2,157,000	27⅛	+ ⅛
RJ Nabisco	2,134,700	9⅞	+ ⅛
IBM	1,966,700	87⅞	− ⅛
Pepsico	1,922,700	34⅞	+ ⅛
Eastman	1,882,100	41⅛	+ ⅛
Dean Witter	1,639,300	18⅛	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Apr 1	Mar 31	Mar 30
New York SE	182.102	168.404	131.276
Amex	15.666	13.392	11.999
NASDAQ	180.172	192.047	154.207
NYSE			
Issues Traded	2,207	2,232	2,229
Rises	667	[illegible]	716
Falls	1,039	784	923
Unchanged	501	546	590
New Highs	22	24	22
New Lows	41	27	36

CANADA

TORONTO	Apr 1	Mar 31	Mar 30	Mar 27	1992 HIGH	1992 LOW
Metals & Minerals	2870.29	2890.57	2901.62	2918.18	3238.87 (16/1)	2870.29 (1/4)
Composite	3411.90	3412.10	3406.70	3416.80	3666.00 (16/1)	3406.70 (30/3)
MONTREAL Portfolio	1775.13	1768.92	1767.56	1777.06	1937.59 (16/1)	1767.56 (30/3)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 2	Apr 1	Mar 31	Mar 30	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1561.2	1574.0	1582.6	1573.4	1675.60 (15/1)	1561.20 (2/4)
All Mining (1/1/80)	684.7	687.8	693.0	688.0	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	417.65	422.46	428.48	428.09	685.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	993.42	1005.53	1020.36	1020.15	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1193.02	1189.49	1193.01	1187.88	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	330.11	328.94	330.20	330.74	365.29 (15/1)	320.94 (2/1)
FINLAND						
HEX General (28/12/90)	789.1	801.1	826.6	825.9	935.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	528.62	526.13	525.45	522.90	534.00 (11/3)	475.35 (2/1)
CAC 40 (31/12/87)	1941.95	1928.07	1942.43	1943.75	1993.88 (10/3)	1749.41 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	700.95	698.95	699.86	695.85	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1979.1	1973.4	1974.6	1963.8	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1721.66	1707.70	1717.86	1710.31	1764.80 (5/3)	1578.73 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4924.27	4909.96	4958.30	4978.27	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1349.79	1363.11	1372.08	1379.95	1469.57 (17/1)	1349.79 (2/4)
ITALY						
Banca Com. Ital. (1972)	508.77	502.43	502.47	496.49	551.59 (6/2)	496.49 (30/3)
MIB General (2/1/92)	1002.0	992.0	989.0	977.0	1087.00 (6/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	18286.03	18581.79	19345.95	19669.31	23801.18 (6/1)	18286.03 (2/4)
Tokyo SE (Topix) (4/1/68)	1321.88	1359.67	1418.52	1430.15	1763.43 (6/1)	1321.88 (2/4)
2nd Section (4/1/68)	2021.51	2064.01	2101.96	2108.20	2459.85 (6/1)	2021.51 (2/4)
MALAYSIA						
KLSE Composite (4/4/86)	586.12	588.37	593.21	597.69	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	291.6	290.3	290.3	290.8	298.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	204.9	203.8	203.9	204.2	4379.00 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	707.56	706.73	712.61	703.10	740.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1102.95	1099.82	1092.94	1091.19	1313.38 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	380.47	379.94	383.76	385.07	416.99 (21/1)	379.94 (1/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1100.0	1125.0	1118.0	1133.0	1327.00 (21/1)	1100.00 (2/4)
JSE Industrial (28/9/78)	4405.0	4405.0	4485.0	4455.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	585.67	599.00	606.32	597.69	691.48 (6/2)	585.67 (2/4)
SPAIN						
Madrid SE (30/12/85)	251.93	253.28	255.47	256.11	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	993.4	994.7	999.9	1002.4	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	814.4	810.3	816.2	817.8	818.00 (26/3)	748.90 (8/1)
SBC General (1/4/87)	642.5	640.2	643.2	643.5	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4733.96	4676.46	4800.94	(c)	5391.63 (30/1)	4676.46 (1/4)
THAILAND						
Bangkok SET (30/4/75)	822.96	822.42	822.72	827.24	838.14 (27/3)	711.82 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) (S)	479.4*	481.3	488.8	489.2	542.10 (7/1)	479.40 (2/4)
Euro Top-100 (26/6/90)	911.26	907.62	915.58	916.13	943.20 (3/3)	870.31 (2/1)

**Saturday March 28: Taiwan Weighted Price, 4833.47; Korea Comp Ex 602.66.
* Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX − 1,000; JSE Gold − 255.7; JSE 25 Industrials − 264.3 and Australia All Ordinary and Mining − 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 2 April 1992

	Stocks Traded	Closing Prices	Change on day
Clarion	11.3m	740	−100
Meiji Milk Prod.	5.4m	780	−34
Minebea	5.2m	436	−12
Japan Storage	4.6m	850	+1
Hitachi	3.9m	761	−8
Nippon Steel	3.8m	307	−7
Toshiba	3.6m	560	−15
Okamoto	3.3m	1,040	−46
NKK	3.1m	271	−7
Nippon Carbon	3.0m	750	−100

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

2:00 pm prices April 2

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	12¾	AAR Corp	0.48	3.4	18	83	13⅞	13½	13⅝	+⅛
28	20⅝	A L Labs A x	0.18	0.8	111	134	23½	23½	23½	
68¾	58	AMP Inc	1.52	2.6	23	807	57¾	57⅝	57⅝	-⅛
80¾	68½	AMR				251201	74⅛	72⅞	73⅝	+⅝
2⅞	1⅝	ARX			2	19	2	1⅞	2	+⅛
53½	42¾	ASA	2.75	6.1	13	148	45	44⅝	45	
68⅜	58¾	Abbott Lab	1.20	2.0	247755		61¼	61⅛	61¼	-⅛
13⅞	12⅛	Abitibi Pr	0.43	3.3	13	17	13	12⅞	13	
11⅝	10⅛	ACM Gvt In	0.98	9.2		325	10½	d10⅜	10⅜	
10⅜	9⅛	ACM GvOpp	0.80	8.5		46	9⅜	9¼	9⅜	+⅛
9½	8½	ACM Gv Sp x	0.80	9.3		120	8¾	8⅝	[illegible]	-⅛
11¼	10⅛	ACM Gv Se x	0.96	9.4		288	10¼	d10⅛	10¼	
9⅜	8⅝	ACM Man	0.95	10.7		443	8⅞	d8⅝	8⅞	+⅛
12⅞	10⅞	ACM Manged	1.08	9.8		624	11⅛	11	11	-⅛
11⅞	7	Acme Cleve	0.40	4.0	19	13	10⅛	10	10	-⅛
6¼	4½	Acme Elect			4	31	5⅝	5⅝	5⅝	-⅛
33¼	18⅞	Acuson			12	280	20⅜	20⅛	20⅜	+⅛
19½	18½	Adams Expr	0.46	2.5	0	61	19	18¾	18⅞	
15½	13	Adobe12PI	2.40	16.6		16	14½	14⅜	14½	+⅛
5⅜	4½	Adobe Res			2	30	5	5	5	
49⅛	40½	Ad Micro	3.00	6.9		17	43¼	42⅞	43¼	+⅛
21½	16½	Ad Micro P	3.00	17.0	172761		17⅞	17⅝	17⅝	
9⅛	5	Advest Grp	0.16	2.2	29	332	7⅛	7	7⅛	+⅛
71¾	67½	Aegon ADR			6	10	69¼	69¼	69¼	
47	39	Aetna Lf	2.76	6.4	9	819	43⅝	43⅛	43⅜	+⅛
12	8⅜	AFil A	0.24	2.4	71	980	10⅛	9⅞	10	+⅛
32⅞	26⅞	Aflac	0.40	1.5	131041		27½	d26½	26¾	-⅝
19⅞	15⅛	Ahmanson	0.88	5.2	94888		16¾	16⅝	16¾	+⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page.

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
73⅛	60½	Sallie Mae	1.00	1.6	19	2156	67⅞	66½	67⅝	+1⅞
14⅛	13⅝	Salomon Br	1.61	11.6		307	13¾	d13⅝	13⅝	-⅛
32½	27¼	Salomonlnc	0.64	2.3	7	888	27¾	27½	27⅝	+⅛
45⅛	42⅜	SanDgo G&E	2.88	6.8	12	176	43⅝	43⅛	43⅜	+⅛
3⅝	2⅞	SantaFeEn x	0.40	13.3	25	2	3	3	3	
9¼	7	SantaFeEn x	0.16	2.0	28	160	8¼	8⅛	8⅛	-
36⅝	31¾	SantaFePac	2.75	8.6	10	82	32¼	32	32⅛	+⅛
14⅛	11⅛	SantaFeSth			21	1840	11⅞	11½	11⅞	+⅛
57	49¼	Sara Lee	1.00	1.9	17	971	52¼	51½	51¾	-⅜
9½	1¾	Savin			0	229	3⅛	2⅞	3	+⅛
3¼	⅞	Savin 0.80	0.80	64.0		221	1¼	1¼	1¼	+⅛
44⅞	38⅝	Scana Corp	2.68	6.8	11	62	39½	39¼	39¼	
47⅞	40⅛	Scecorp x	2.72	6.8	12	980	40⅝	d40¼	40¼	-⅜
68	54⅞	ScheringPl	1.32	2.3	18	2786	57⅞	55⅞	56⅞	-⅞
64¼	54⅛	Sch'berger	1.20	2.2	16	3740	55⅛	d54¼	54⅝	-⅛
37¾	29⅛	Schwab(C)	0.24	0.8	24	2835	32⅛	30⅛	30½	-1⅜
9⅛	6⅞	Schwitzer			37	5	8⅝	8⅝	8⅝	+⅛
19⅞	15⅞	ScientAtin	0.16	1.0	109	81	16½	16⅛	16⅝	+⅛
9½	7⅛	Scotman x	0.10	1.1	13	50	8⅞	8⅝	8⅞	
44⅛	34½	ScottPaper	0.80	2.0	28	305	41¼	40⅞	40⅞	
15⅞	13⅝	ScuddrNAsF	0.18	1.2		18	14⅜	14⅝	14⅝	-⅛
9¼	8⅜	ScuddrNEuF	0.30	3.4		184	8⅞	8⅞	8⅞	
24	17¾	Sea Cont	0.70	4.0	8	61	17¾	d17½	17½	-⅜
15⅝	14⅞	SeaC1.4625	1.46	9.6		z100	15½	15½	15¼	
123½	109½	Seagram Co	2.00	1.7	15	251	116⅛	115½	115⅞	+½
25¼	21⅝	Seagull En			84	27	24⅞	24⅝	24⅝	-⅛
18	12⅛	SPX Corp	0.40	2.5	147	11	16⅜	16⅛	16⅛	-⅛
56⅞	44⅞	Sealed Air			28	1013	50½	49⅛	50½	
47⅞	37	Sears Roeb	2.00	4.2	14	8134	47⅞	46⅞	47⅛	+1⅛
40⅜	29⅛	Sec Pac	1.52	4.1	61	111	37½	36⅞	36⅞	-½
12½	12	Seligm Sel	0.84	6.9		69	12⅛	d12	12⅛	
31¼	24¾	Sensormat x	0.30	1.0	28	207	29	28¼	29	+⅜
51	41¼	Sequa A	0.60	1.5	33	79	41⅝	d41	41	-⅜
58	45½	Sequa B	0.50	1.0	28	7	52½	52	52½	
27⅝	23½	ServiceCpI	0.56	2.0	19	473	27½	27⅜	27⅜	
27⅝	22	Servicemr x	1.28	5.5	16	144	23⅜	23	23⅛	+⅛
29⅞	17	Shaw Ind	0.15	0.6	87	1057	26¼	25½	26⅛	+½
15⅛	8⅞	Shawmut N	1.00	7.1	5	1589	14½	13⅞	14	-⅛
10¼	8⅞	Shelby WE	0.24	2.5	28	6	9⅛	9⅝	9⅝	
58¾	45⅝	Shell Tr&T	3.35	7.1	12	841	47⅛	46⅞	47⅛	+⅛
29⅞	25⅛	Sherwin Wi	0.44	1.6	18	413	27⅛	27	27⅛	+⅜

- X - Y - Z -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37	28½	Xtra Corp	0.80	2.3	14	128	35⅛	34⅞	34⅞	-½
27	25⅛	Yankee Egy	1.49	6.0	12	24	25½	25⅛	25½	
1½	½	Zapata			25	94	1⅛	1⅛	1⅛	
11⅛	7¼	ZenithElec			8	654	9	8⅞	9	
17¼	14½	Zenith Nat	1.00	6.0	7	124	16⅝	16⅛	16⅝	+⅛
8¼	6	Zenix Inc	0.86	12.8		37	6⅞	6½	6⅞	+⅛
13⅞	11⅛	Zero Corp	0.40	3.2	19	108	12⅞	12½	12⅞	+⅛
[illegible]	34¼	Zurn Ind	0.88	2.6	15	413	35½	34⅜	34⅜	-⅜
14⅜	12¾	Zweig Fund	1.16	8.7		78	13⅝	13¼	13⅜	-⅛
11	9⅞	Zweig Totl	0.95	9.4		622	10⅛	10⅛	10⅛	-⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2:00 pm prices April 2

NASDAQ NATIONAL MARKET

2:00 pm prices April 2

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		28	1525	27⅛	26¼	27¼	+⅛
Xoma Corp		10	4322	19½	d18	18¼	-⅜
Yellow Fr	0.94	29	120	28⅛	27⅞	27⅞	-⅜
York Rsch		48	14913	7⅞	5½	5⅝	-1
Zions Ban x	1.44	10	48	50	48½	49	+⅛

AMERICA

Dow trades quietly ahead of jobs data

Wall Street

TRADING on US stock markets remained subdued yesterday morning ahead of a key employment report, and share prices struggled to hold ground following another big fall in *Japanese equities overnight, writes Patrick Harverson in New York.*

By midday the Dow Jones Industrial Average was down 0.22 at 3,249.11. The more broadly based Standard & Poor's 500 was also little changed at the halfway mark, down 0.45 at 403.78, while the Nasdaq composite index of over-the-counter stocks eased 1.51 to 600.58. Turnover on the NYSE was 77m shares by midday.

US markets are concerned about the sharp falls in Tokyo because they fear this will *force Japanese investors to* repatriate funds, which could mean withdrawing money from US stock and bond markets.

Domestic economic factors also weighed heavily on investors. Today's March jobs data should help clear some of the uncertainty surrounding the *economy, and analysts are* forecasting a rise in those in work, which would confirm the recent trend of a gradual improvement in labour conditions.

The big three motor stocks posted modest gains, buoyed by hopes among some investors that car sales will rebound in line with the economic recovery. Ford rose $¾ to $39⅞, Chrysler added $⅛ to $18, and General Motors firmed $¼ to $37½.

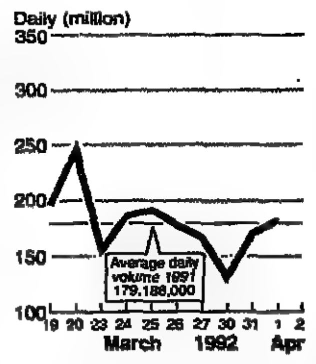
CMS Energy plunged $5 to $16¾ in turnover of nearly 1m shares after the Michigan Public Service Commission turned down a proposal by the company to settle various rate issues that are pending.

CUC International rose $1⅝ to $34⅝ after Alex Brown, the broking house, raised its rating on the electronic shopping service group from a "hold" to a "buy".

On the over-the-counter market, Goal Systems jumped $3 to $18 in heavy trading after it was announced that the developer of IBM-compatible software *will be bought by another* software group, Legent, for $400m in stock. Under the deal, each share of Goal will be swapped for just over half a *Legent share. Legent fell $4½* to $3¼.

Compusa rose $1 to $31¼ after the company said its sales rose 50 per cent to $216m in the *third fiscal quarter which* ended last month. In the same period a year ago, sales were $144m.

NYSE volume



Canada

TORONTO stocks were lower at midday. The 300 composite index fell 6.22 to 3,405.85 in heavy volume of 18.7m shares. Financial services and industrial products fell but natural resources were higher.

SOUTH AFRICA

WEAK bullion prices in Europe pulled the gold index lower to close down 25 at 1,100. Industrials fell 20 to 4,405 and the overall index lost 19 to 3,499. Western Deep Levels dropped R2 to R97 and Vaal Reefs eased R4 at R102.

EUROPE

Bond auction limits gains in French equities

POLITICS and corporate results helped bourses recover from Wednesday's losses, *writes Our Markets Staff.*

PARIS failed to capitalise *fully on Mr Pierre Bérégovoy's* widely expected appointment as prime minister yesterday because of volatility in the bond market. Bond prices finally ended lower, following disappointing demand for the Treasury's 10-year bond auc*tion. The CAC-40 index closed* only 13.88 higher at 1,941.95, below the day's high of 1,946.95, in moderate turnover of FFr2.6bn. Perrier only *accounted for FFr93.7m yester*day compared with more than FFr1.0bn a day earlier this week.

Suez was active, rising FFr11.40 to FFr336.90 with 451,875 shares traded, on renewed talk that Suez and UAP had reached an agreement on their subsidiary, Victoire.

Lyonnaise-Dumez was up FFr12 at FFr522, buoyed up by *good 1991 results from its* quoted waste management subsidiary, Sita. Shares in the latter rose by FFr25 to FFr1,940.

Synthelabo, the small pharmaceutical company, jumped FFr79 or 6.6 per cent to FFr1,278 following the *announcement of an extremely* good performance in 1991 and a positive analysts' meeting. L'Oréal, which holds 50.1 per cent of Synthelabo, added FFr21 to FFr825.

FRANKFURT was slightly disappointed by Deutsche Bank's *1991 profits*, which although at a record high, came in below expectations. The bank also gave a cautious outlook for earnings in 1992. Its shares closed up DM1.50 at DM715.00, having been marked up in pre-bourse trading to DM717.90.

The DAX index rose 14.36 to 1,721.66, just below its intraday high of 1,721.73, and the FAZ index, calculated at midsession, gained *2.00* to *700.95*. Turnover advanced to DM6.2bn from DM4.8bn.

The rift between the German cartel office and Allianz deep*ened yesterday*, with the insurer sticking by its cooperation plans with Dresdner Bank, in which it has a 22 per cent stake. Meanwhile, Dresdner proposed *Mr Wolfgang Schieren* of Allianz for its supervisory board. The cartel office has told Allianz to reduce its holding in Dresdner, which it estimates to be 47 per cent. Allianz recovered DM6 to DM2,124 and Dresdner put on DM1.50 to DM351.50.

BMW advanced another DM10.50 or 1.8 per cent to DM583.00, lifted by its good earnings outlook for 1992. Volkswagen rose *DM5.20* to DM366.50.

News that Siemens had secured a DM1bn order from the German postal service *lifted its shares by DM7.30* to DM677.00, while Mannesmann added DM0.50 to DM285.80 on reports that a number of brokers had upgraded the stock.

MILAN focused on the listing of San Paolo, and dealers crowded around the trading pit to witness the launch. The shares in the bank officially *closed at L12,240, L40 above its* issue price, but dealers suspected an active support operation by Mediobanca. The price dropped to L12,100 after hours.

About 15 brokers were seen selling San Paolo shares on behalf of institutional investors while only 3 brokers were detected on the buy side. Reports about the number of San Paolo shares traded yesterday were conflicting, with some saying about 1m-1.5m shares while others put the figure at 3m.

FT-SE Eurotrack 100 - Apr 2							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1146.54	1146.03	1146.53	1147.94	1149.04	1149.50	1149.29	1149.08
Day's High 1150.23				Day's Low 1145.91			
Apr 1	Mar 31	Mar 30	Mar 27	Mar 26			
1141.13	1149.80	1145.80	1140.84	1146.25			

Base value 1000 (26/10/90).

The Comit index rose 4.67 to 508.77 in turnover estimated at L90bn after L68.2bn. Dealers reported increased activity in call options, suggesting that *few traders wanted to go short*, with the market just above the year's low and in the event of better-than-expected results for the main parties in this weekend's general election.

There was continued buying interest in stocks which reported good *1991 results in* the past week. Benetton rose L99 to L13,450 while Sip added L28 to L1,473 with 5.5m shares traded, below the 8m mark *reached earlier this week.*

ZURICH was stronger as foreigners actively sought insurance stocks. The *SMI* index advanced 11.3 to 1,838.0.

Swiss Re registered shares rose SFr40 to SFr2,400 and Zurich Insurance registered shares were SFr60 firmer at *SFr4,060.*

Roche bearers rose SFr10 to SFr4,300 ahead of its 1991 results today.

AMSTERDAM finished a dull *day slightly higher as* a lack of news kept turnover to Fl 549.4m. The CBS Tendency index rose 0.7 to 125.2.

Fokker was the highlight on persistent rumours that Deutsche Aerospace was to make a bid. Fokker said that it would make an announcement on its discussions with the German group by the end of the month. *The shares hit an intraday* high of Fl 35.40 before closing 50 cents ahead at Fl 34.20.

Begemann, the industrial group, announced a 15.6 per *cent increase in 1991 net profit* and gained Fl 1.00 to Fl 120.00, while Heineken was Fl 1.30 stronger at *Fl 189.30* ahead of the release of its annual report.

STOCKHOLM saw continued weakness in shares in the troubled banking group Gota. Its A *shares fell SKr3 to SKr18*, down 25 per cent since Monday. The Affärsvärlden general index fell 1.3 to 993.4 in steady turnover of SKr405m.

VIENNA closed at its lowest level since the end of January. The 18-share ATX index declined 11.91 to 993.42.

ISTANBUL weakened after interest rates were raised. The 75-share index closed down 74.41 or 1.8 per cent at 3,987.77.

Belgian ills laid at door of German intransigence

Pessimism in Brussels sprouts from corporate fears of a tightening in fiscal policy, writes **Andrew Hill**

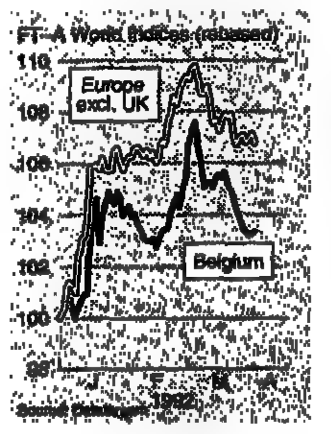
Political limbo is familiar territory for investors in Belgian equities, so it is *hardly surprising that the rally* in the Brussels stock market ran out of steam when a new centre-left coalition was formed at the beginning of *March, after 100 days of bar*gaining.

The Bel-20 index reached a 1992 high of 1,234.72 on March 3, three days before Mr Jean-Luc Dehaene, the Flemish Christian Democrat, was appointed to head the new government. That represented a 13 per cent rise since the start of the year. However, over March it has slipped back to close at 1,193.02 yesterday, 3.4 per cent down from the year's peak but still above the 1,070.05 reached on November 26, the day after the inconclusive election results were announced.

Mr Dehaene's government has pledged to tackle Belgium's large public debt, and companies fear that this strategy may include closing loop*holes in the country's corpo*rate tax system.

Analysts say, however, that the recent fall in the stock market is not so much a reac*tion to domestic politics but* disappointment that Germany is unlikely to cut its interest rates in the near future. Mr Philippe Maystadt, who was reappointed as finance minister in the new government, pondered but eventually rejected an independent Belgian rate reduction just after Mr Dehaene was appointed.

Germany's intransigence on the interest rate front, and Belgium's steadfast devotion to a parallel monetary policy, have prompted stockbrokers to adjust their forecasts for corporate recovery by the end of the year. Once stocks are deprived of the short-term support of promised dividends, brokers believe economic pessimism will feed through into the bourse, particularly as Germany is a key export market for many Belgian companies.



Luckily, Belgium's stock market stars have not been completely eclipsed by economic gloom. Shares in Delhaize and GIB Group, the country's two largest retailers, have *performed strongly since the* beginning of the year and last week justified the market optimism, when both companies announced strong increases in their *1991* figures.

Other outperformers include the more cyclical stocks such as Bekaert, the steel cord and wire producer, which has undergone an extensive restructuring, and CBR, the building materials company. But analysts think few pearls will be discovered during the 1991 results season.

They are forecasting a general decline in Belgian companies' earnings for 1991 of between 3 and 8 per cent. "It is the same old story across Europe," says one analyst, "more disappointments than pleasant surprises."

In fact, two of Belgium's largest industrial companies – Petrofina, the oil group, and Solvay, the chemicals concern *– have already produced dis*appointing figures for last year. Petrofina announced early in February that its consolidated profits had fallen by nearly *25 per cent*, pushed down by a 66 per cent drop in profits at Fina, the group's US affiliate. A cost reduction programme is under way, as is the case at Solvay, which announced a 40 per cent decrease in group profits, excluding extraordinary items, at the end of January.

Another depressant is the perennial illiquidity of the Brussels stock market. Last year's government initiatives on *Sicavs* (sociétés d'investissement à capital variable) – which allow investors to roll up dividend income, free of tax – have not helped as much as analysts had hoped, and there is a dearth of new equity.

There is a faint hope that the new government may follow the example of other European countries by privatising state companies. A recent report *published by Petercam*, the Belgian broker, and Hill Samuel, of London – both keen to be among the advisers on the Belgian privatisation bandwagon – estimated that the government could raise as much as BFr318bn ($9.4bn) if it sold a range of industrial, commercial and financial state companies. RTT, the Belgian telecommunications monopoly, could alone be worth BFr161bn.

The government has not yet taken the hint, but as Petercam points out, a stock market *flotation* would ease the *public* debt and the bourse's liquidity problem in one go.

ASIA PACIFIC

Japan at lowest level since December 1986

Tokyo

SHARE prices extended their losses on selling by arbitrageurs and institutional investors, and the Nikkei average weakened to its lowest level since December 1986, *writes Emiko Terazono in Tokyo.*

The Nikkei ended 295.76 down at 18,286.03 and has lost 7 per cent in the past three days. Index-linked buying and light bargain hunting lifted the Nikkei to the day's high of 18,804.40 in the morning. It fell to the session's low of 18,023.53 in the afternoon, dragged down by a fall in bond prices and a weaker yen.

Volume expanded to 350m shares from 300m. Declines led rises by 848 to 133, with 72 issues unchanged. A total of 754 stocks hit new lows for this year. The Topix index of all first section shares shed 37.79 to 1,321.88, but in London the ISE/Nikkei 50 index put on 4.82 to 1,050.44.

Rumours that a Middle Eastern investor had started to liquidate holdings in Japanese stocks and bonds sent jitters *through the markets.* Additionally, rumours that a middle-sized life assurer was in financial trouble also shook confidence.

Banks, speculative stocks and high-priced small-capital issues led the market's decline. Foreigners were seen selling bank stocks because they were still regarded as expensive relative to the Nikkei average. Industrial Bank of Japan plunged Y220 to Y1,780 and Sakura Bank lost Y80 to Y950. Analysts also attributed the declines to companies selling off cross-holdings.

Short-term investors, who had invested in speculative issues on margin, sold for a second day due to heavy falls in margin collateral values. Nippon Carbon dropped by its daily limit of Y100 to Y750 and Clarion, the session's most active issue, also fell the day's maximum of Y100 to Y740. But some speculative favourites regained strength on bargain hunting. Meiji Milk Products climbed Y34 to Y780 and Okamoto Industries Y45 to Y1,040.

Some investors in need of cash were seen *liquidating* high-priced issues. Sega Enterprises fell Y300 to Y9,800 and Nintendo Y400 to Y9,000. Nippon Telegraph and Telephone lost a net Y10,000, setting a closing all-time low of Y605,000 after touching Y595,000.

Buying by US pension funds lifted some international blue chips. Sony advanced Y50 to Y4,050 and Toshiba added Y15 at Y560. However, Hitachi slipped Y9 to Y761 and Matsushita Electric Industrial eased Y10 to Y1,250 on profit-taking.

Traders noted buying of low-liquidity Nikkei component stocks towards the end of the session. Shimura Kako was up Y25 to Y645 and Nippon Piston Ring gained Y30 to Y552.

In Osaka, the OSE average dropped 470.38 to 19,621.24 in volume of 27.1m shares.

Roundup

THE Pacific Basin was mixed as the fall in Tokyo continued to weigh on the region.

HONG KONG rose in late trading, with strong activity in HSBC following the HK$1 fall on Wednesday. *It closed* unchanged at HK$38.75. The Hang Seng index gained 14.31 to 4,924.27 but overall turnover was sharply lower at HK$1.72bn, after HK$2.14bn.

SEOUL closed at the year's low. The composite index lost 13.33 to 585.67 in turnover of Won482.9bn (Won329.7bn).

SINGAPORE recovered a little of the ground lost on Wednesday, the Straits Times Industrial index improving 4.68 to 1,398.74 in volume of 31.4m shares, against 42.9m.

KUALA LUMPUR finished on a mixed note with the composite index a marginal 0.25 off at 588.12 in volume of 33.5m shares, after 34.4m.

TAIWAN reversed Wednesday's downtrend, the weighted index gaining 57.48 or 1.2 per cent to 4,733.96. Turnover fell to T$15.4bn from T$24.5bn.

BOMBAY registered a record high, the BSE index appreciating 102.76 to 4,387.76.

AUSTRALIA closed at a six-month low. The All Ordinaries index relinquished 12.8 to 1,561.2 in turnover of A$278.4m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 1 1992								TUESDAY MARCH 31 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.45	−0.5	124.23	122.63	124.14	125.14	−0.3	4.41	145.34	124.08	122.25	124.22	125.49	153.86	141.53	135.86
Austria (19)	169.81	−1.2	146.03	144.16	145.93	146.05	−0.6	1.99	171.85	146.61	144.64	146.97	146.95	186.70	164.69	202.11
Belgium (46)	136.91	−0.4	117.74	116.22	117.66	114.86	+0.1	5.21	137.44	117.41	115.67	117.54	114.90	145.19	135.59	141.58
Canada (115)	128.57	−0.2	110.57	109.14	110.48	110.93	−0.1	3.34	128.82	110.05	108.42	110.16	111.05	142.12	128.51	138.15
Denmark (35)	226.81	−0.9	195.05	192.55	194.92	197.89	−0.4	1.85	228.77	195.43	192.55	195.65	198.67	273.94	226.81	248.02
Finland (15)	75.62	−2.4	65.03	64.20	64.99	71.88	−1.7	2.04	77.50	66.20	65.23	66.28	72.90	89.80	75.62	120.43
France (108)	152.51	−1.1	131.16	129.46	131.06	134.09	−0.6	3.37	154.23	131.75	129.80	131.89	134.94	156.43	148.06	143.26
Germany (65)	117.36	−0.6	100.93	99.64	100.86	100.86	−0.1	2.28	118.07	100.87	99.39	100.98	100.98	122.84	114.67	112.09
Hong Kong (55)	204.12	−0.6	175.54	173.28	175.43	202.84	−0.6	3.93	205.39	175.46	172.87	175.67	204.06	210.88	176.36	150.75
Ireland (16)	151.65	−2.4	130.59	128.91	130.50	133.02	−1.8	3.04	155.62	132.94	130.98	133.09	135.48	173.71	151.65	169.65
Italy (77)	70.30	−0.3	60.46	59.68	60.42	65.47	+0.2	3.54	70.54	60.26	59.37	60.32	65.38	80.86	68.92	81.73
Japan (473)	99.62	−5.1	85.67	84.57	85.62	84.57	−4.3	1.01	104.96	89.66	88.34	89.77	88.34	140.95	99.62	142.39
Malaysia (68)	233.74	−1.7	201.01	198.42	200.87	232.98	−1.5	2.72	237.67	203.21	200.20	203.43	236.45	260.18	212.49	238.93
Mexico (18)	1729.66	+0.3	1487.45	1468.36	1486.45	5789.70	+0.1	1.04	1724.01	1472.78	1451.04	1474.43	5780.19	1789.77	1076.91	803.44
Netherland (25)	148.74	−0.4	127.91	126.27	127.83	126.30	+0.0	4.40	149.37	127.61	125.72	127.75	126.26	156.48	147.86	142.56
New Zealand (14)	43.40	−0.6	37.33	36.85	37.30	42.21	−0.2	6.50	43.65	37.29	36.74	37.33	42.30	48.52	43.20	45.19
Norway (23)	168.85	−1.6	145.21	143.35	145.12	148.74	−1.1	1.72	171.54	146.55	144.38	146.71	150.47	192.95	161.26	202.25
Singapore (38)	200.25	−1.4	172.21	170.00	172.09	153.14	−1.1	2.21	203.16	173.55	170.99	173.74	154.85	228.43	200.25	198.13
South Africa (61)	229.98	−0.3	197.77	195.25	197.65	176.39	−0.8	2.85	230.69	197.07	194.16	197.29	177.86	263.60	208.18	200.24
Spain (50)	149.50	−1.6	128.57	126.92	128.48	118.64	−1.0	5.06	152.21	130.03	128.11	130.17	119.86	160.47	149.50	164.19
Sweden (25)	165.18	−1.0	159.25	157.21	159.15	164.55	−0.6	2.75	187.00	159.75	157.40	159.93	165.55	190.37	173.09	194.19
Switzerland (60)	97.91	−1.3	84.20	83.12	84.15	91.75	−0.6	2.25	99.17	84.72	83.47	84.82	92.28	104.22	95.99	96.79
United Kingdom (226)	165.85	−2.0	142.63	140.78	142.52	142.63	−1.4	5.23	169.25	144.59	142.44	144.74	144.59	186.29	165.85	180.66
USA (523)	165.11	+0.2	141.99	140.18	141.90	165.11	+0.2	2.96	164.85	140.82	138.75	140.99	164.85	171.66	164.63	163.74
Europe (792)	139.38	−1.3	119.86	118.32	119.79	120.55	−0.8	4.04	141.28	120.69	118.91	120.83	121.49	150.58	139.31	144.61
Nordic (98)	170.96	−1.0	147.02	145.13	146.92	145.26	−0.6	2.22	172.73	147.56	145.38	147.72	146.15	188.52	170.96	187.84
Pacific Basin (717)	104.74	−4.5	90.07	88.92	90.02	89.31	−3.8	1.41	109.70	93.71	92.33	93.82	92.82	141.97	104.74	142.23
Euro−Pacific (1509)	118.81	−3.1	102.18	100.86	102.10	102.33	−2.4	2.64	122.56	104.70	103.15	104.81	104.85	145.21	118.81	143.56
North America (638)	162.81	+0.1	140.01	138.23	139.94	161.43	+0.1	2.98	162.57	138.88	136.85	139.06	161.19	169.69	162.35	152.69
Europe Ex. UK (564)	122.65	−0.9	105.47	104.14	105.43	107.39	−0.4	3.24	123.74	105.71	104.17	105.85	107.78	129.79	121.81	122.81
Pacific Ex. Japan (244)	155.25	−0.8	133.51	131.82	133.43	137.82	−0.6	3.85	156.49	133.68	131.73	133.85	138.76	158.33	149.00	139.49
World Ex. US (1703)	121.45	−2.9	104.44	103.11	104.37	104.77	−2.3	2.65	125.08	106.81	105.24	106.95	107.19	148.91	121.45	144.33
World Ex. UK (1998)	132.34	−1.6	113.81	112.35	113.74	121.41	−1.3	2.50	134.49	114.89	113.20	115.03	122.97	150.56	132.34	143.06
World Ex. So. Af. (2165)	134.64	−1.7	115.78	114.31	115.72	122.94	−1.3	2.78	136.91	116.96	115.24	117.10	124.54	153.05	134.64	146.07
World Ex. Japan (1753)	155.30	−0.4	133.56	131.85	133.49	145.73	−0.2	3.38	155.97	133.24	131.28	133.41	146.06	161.90	155.30	149.94
The World Index (2226)	135.26	−1.6	116.32	114.83	116.25	123.42	−1.3	2.78	137.52	117.48	115.75	117.62	125.02	153.70	135.26	148.40

Constituent change (2/4/92): Name change: Taiyo Kobe Mitsui Bank Ltd. to Sakura Bank Ltd. (Japan). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Request to readers generates more heat than light over question of the value of formal education

Central skills that most lessons neglect

THE meaning of the crudely drawn chicken would be clear enough even without the date beneath showing precisely where the charge of cowardice is aimed. Whoever sent the drawing was referring to the Jobs column's failure to fulfil its promise to report on the response to a request it put to readers 16 weeks ago.

The focus of the request was education, and my hope in making it was that readers would shed light on a question I was unable to resolve during my 20 years as the FT's education correspondent up to 1988. The question is what practical use is the process, except as a source of the academic examination passes often arbitrarily deemed necessary for entry into well paid lines of career?

So I asked you to think of the teachers you had in your formal education, and identify those who taught you something of actual use to you now.

The response was 23 letters, which made up for their modest numbers by being sometimes several thousand words long. And what probably accounts for the chicken is that a good quarter of those who wrote were contentious if not downright bellicose in tone – including one signing himself just "Joe Soap" who, for all I know, may fancy his skill as a cartoonist to boot.

The nub of the warlike eight letters was that the only proper response to anybody who poses such queries about education, is the one reputedly given by Fats Waller to a woman who asked what rhythm was: "If you has to ask, you ain't got it." In their view, it seems, the benefits of education are such that no one who has gained them needs to question them, and anyone who hasn't would not understand the answer anyway.

Well, perhaps so... but it strikes me at least as a claim that endows educational processes with super-human properties that they surely do not possess. It appears to be elevating them to the status of God in a church poster I once saw which read: "A God small enough for everybody's understanding would not be big enough for every-one's needs". But while that may be true of the Almighty, it can scarcely apply to education.

After all, it is a process both made and carried on by fallible human beings. Moreover, one of its professed purposes is to enable mere humans to understand such things.

Fortunately, from my viewpoint, the holier-than-thou ripostes were in the minority. The other 15 who wrote reflected in detail on their experience at school, university and so on, as I had asked. Most of them also accepted that, although the aims of education go beyond the practical, including spiritual and other civilising development, the process ought to teach us something specifically useful too.

The most depressing reply was from a man who had built up his own international consultancy, thereby earning enough money to retire at an age to enjoy his leisure. He'd looked back on his years at school and university, he said, but could recall little of positive note. "One or two teachers showed moments of kindness, and one even liked the fact that I was intelligent and knowledgable, but mostly as I try to remember I just feel time-calmed revulsion."

By contrast, the remaining 14 could all identify teachers – albeit not always by name – who had taught them something still of practical help. The only trouble was that, far from shedding fresh light on the question I failed to resolve in two decades as an education correspondent, they just duplicated what I had found from putting the same request to some hundreds of people during those years.

As before, none of the people who replied identified more than four teachers who had equipped them with something of actual use now, and the majority recalled at best three. Those cited usually included one or two at the primary stage who had imparted the basic skills of reading, writing and numbering. In the case of those at later stages, the useful thing that had been taught often had little if any direct connection with the academic subject the teacher was employed to teach.

For example, one reply cited "the chemistry master who introduced me to Plato", as well as the head of a school who led a weekly current-affairs seminar in which he insisted on his pupils' developing public-speaking skill. (Which leads me to hope that some of them have gone on to teach in the university attended by another of the 14, which he described as "...an ill organised school where one was expected to sit for an hour listening to a poor public speaker reading aloud from a book.")

So despite readers' efforts, I am stuck with the same impressions that I had before they made them. One in particular is that, since people who have has as many as 40 teachers seem unable to cite more than four who taught something still useful, the teaching process is of dubious efficiency. A second, more general, is that education is at best dimly understood.

But the fact that the original question remains unresolved does not make it any the less important. The truth is quite the reverse.

One reason is that the foremost benefit of education to at least some of its recipients – that of awarding them exam passes which serve as a passport into well paid lines of career – has been devalued by the latest recession. In Britain at any rate, even honours degrees are now a drug on the jobs market unless they are seen as directly applicable to productive work.

In which case, the effectiveness of education in teaching things of actual use is more central than it was before. And it is especially so in Britain with the approach of a general election in which all the main parties are committed to to maintaining if not increasing the amounts of taxpayers' money spent on educational processes. Given their apparently low efficiency in equipping people with practical abilities, how can a country on its uppers be confident the investment will have a worthwhile return?

The onus is now surely on those who advocate high spending to show how the expected pay-off will be achieved. What is more, if I may return to the holier-than-thou sect for a moment, the necessary justification will not be achieved simply by stating that education's purpose is to equip people, not merely for work, but for life. As it functions at present, it does not.

Anyone who refuses to take just my word for that might care to read a book by Professor Jeffrey Pfeffer of Stanford University management school in America, newly published under the title of Managing With Power by the Harvard Business School Press.

One of his observations is that, at work and still more so in life as a whole, we spend most time in operating not as individuals but as members of groups, and in making and being affected by decisions about things that are very complex. He goes on: "The point is that decisions in the world of organizations are not like decisions made in school. There, once you have written down an answer and turned in the test, the game is over."

In real life, he adds, success depends less on the intellectual ability to work out what notionally should be done, but on the skills of learning from what actually happens as a result of agencies outside oneself, and working usually in combination with other people to turn those real-life events to use.

In other words, the central skills are practical.

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ACCOUNTANCY COLUMN

Budget extravaganza and electoral headache

By Andrew Jack

WHILE THE announcement of the general election may have caused some parliamentary stomachs to churn in Westminster, it has also generated a bout of gleeful hand-rubbing among tax accountants.

A combination of the Budget, electoral uncertainty, and new-found aggressive marketing have created a platform during the last few weeks by which tax practices have gained a higher profile and sold more services than probably ever before.

While the heyday of Budget-related marketing may now have been passed, the prospects of a change of government have given business a strong compensatory boost.

Arthur Andersen was the first firm to land a slim summary of the Budget proposals in this writer's in-tray first thing in the morning after the Chancellor's speech, with the ink barely dry. The booklet – produced in conjunction with the Confederation of British Industry – was arriving in Volvo showrooms and Holiday Inns at the same time.

Others firms have been equally aggressive. Touche Ross had copies of its guide to the budget on the QE2 and other Cunard ships the following day. Salvoes from other firms generated healthy income for the Royal Mail. There were evening presentations and next-day breakfasts for clients and journalists alike.

The reason for the gimmickry is simple. As Mr John Barnsley, head of tax at Price Waterhouse, puts it: "Tax is very big business. Internationally it pulled us more than $1bn last year." Two years ago his firm sent its Budget day analysis by computer to New York, where it was printed and ready for the evening Concorde flight back to London.

If media references are anything to go by, the Budget has pushed the profession into higher prominence than ever. Last month the top six accountancy firms were mentioned in 106 national newspaper articles on the budget. That compared with only 60 references for the same period last year and 54 in 1990. (Coopers topped the 1992 list, followed by Touche Ross and Ernst & Young.)

As the firms hold their post-mortems on the marketing success of budget day, most are subdued. Mr Roger White, head of tax at KPMG Peat Marwick, points out that his firm's post-budget briefing was deliberately "deglossified" this year and that it has abandoned the "lavish entertainment" of the past.

That is due partly to a budget with a fewer significant changes than in previous years, and with fewer still translated into legislation in the Finance Act. It also reflects thinking that a new Budget may follow later in the year.

The extravaganza has also become something of a victim of the relaxation of rules on marketing and advertising by the profession in the mid-1980s. Before then, it was one of the few chances accountants had to get their name out to the public. Now, in an era of intense price competition and ethical guidelines that allow firms to indulge in cold-calling, budget breakfasts look positively old-fashioned.

"We have discussed abandoning the budget booklet, but the feeling is that our clients like to receive it," says Mr David Marks, a tax partner with marketing responsibilities at Arthur Andersen.

He says the booklet coincides with a more detailed internal document distributed to tax partners, which helps them instruct clients personally.

That view is shared by Mr Peter Collier, chief executive of the Charter Group, which provides professional support services to small accountancy firms. Last month one of the services was 35,000 copies of a budget summary distributed to client firms' doorsteps the morning after.

"There are two schools of thought," he says. "'Everybody does a Budget summary, so why bother?' or 'If we're not doing one and everyone else is, there is a danger of not keeping our profile high enough.'"

Most firms in his group have taken the latter view, much to his surprise: "There are more important ways to show clients value for money, but it's very easy to be noticed as the one firm in, say, Rotherham which didn't produce a summary."

Even so, more subtle, discriminating marketing techniques still make great play of the Budget and its corollaries. Mr Barnsley of PW is sceptical about the spate of skimpy instant publications produced by accountants. This year he established a media hotline for the shadow Budget, which provided advice to journalists interpreting the proposals.

He says the firm has also been quietly advising the major political parties about the implications of tax changes, while treading a delicate line in striving to remain apolitical and to ensure that its comments do not impinge on work for clients.

Cooper's & Lybrand Deloitte earlier this week provided free of charge to national newspapers a detailed analysis of the fiscal "holes" it believes exist in the manifestos.

While the Budget may have had a subdued impact on accountancy firms, the strong possibility of a Conservative defeat in the election has helped increase work for their tax staff beyond the advice that is normal at the end of the tax year.

Mr Peter Wyman, a tax partner with Coopers & Lybrand Deloitte, says: "People are now very worried. Up until the last two weeks they somehow thought the Conservatives were going to get back in. Now, if they are not panicking, they are certainly concerned."

MAI, the financial services group, admitted at the start of the week that it is paying bonuses to more than 300 staff in one of its money broking subsidiaries in gold bars through Jersey. That makes the payments exempt from National Insurance contributions.

BHS, the retailer, has emerged as one of the latest in a series of employers to be paying bonuses to senior managers before the year end, which would escape any rises in income tax under Labour.

At the same time there is evidence that some companies are deferring capital expenditure in the hope of greater tax relief under Labour – a consideration that is also delaying the prospects for economic recovery.

Accountants are reporting an increase in inquiries as news of such tactics trickles out. Mr Maurice Parry-Wingfield, national technical tax partner at Touche Ross, estimates that the election has generated perhaps five times the level of interest and activity normal at this time of year, and even three times that of the previous general election in 1987, when a Tory victory seemed more probable.

It is not all good news for the tax practitioners this year, however. Mr Norman Lamont's Budget promised a shift from quarterly to monthly VAT remittances for the largest payers as part of moves to help progress towards the single European market. Several accountancy firms will be among the businesses required to provide cash more frequently.

The proposal to bring together both the budget and the government's expenditure plans in December for future years (which has been echoed by the opposition parties) also means trouble for some accountancy firms. That month is one of the busiest of the year for audit work, and it will place considerable additional demands on staff already coping with extra tax work.

Mr Peter Wyman from Coopers is one partner who concedes that a Labour victory would probably be good for his firm. Tax legislation is likely to be more complicated, and higher rates are likely to encourage more people and companies to seek advice on avoidance strategies.

Much, however, that the Labour party would give indirectly to the accountancy firms through new tax legislation, it might well recoup directly in extra corporate and income taxes.

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As part of a major nationwide plc, my client's reputation for technical excellence in their specialist industrial sector is second to none.

Responsive to the commercial realities of a changing market place, it is progressively devolving authority and accountability to its operating units. This means establishing strong, multi-functional management teams at local level, who with drive and vigour will achieve the financial, commercial and operational objectives of the business plan.

Creating modern, decentralised and user-friendly accounting & management information systems is a priority. This new appointment is an opportunity to lead and manage this process in one of the units. It needs an experienced Management Accountant/Financial Controller to bring not only professional accounting and MIS expertise, but also broad commercial, business orientated management skills. The ability to instil confidence, whilst challenging successfully previously accepted norms, will be crucial.

Qualified and probably in your early 30's, you will demonstrate a track record of success and well developed people, communication & influencing skills: you will be equally adept at both strategic and operational levels.

Send a comprehensive CV (including full remuneration details) to **Andrew Burke, Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, Herts. SG14 1PU. Tel: (0992) 552552.**

Systems expertise
Business management focus

to £30,000
plus car & benefits

North of London

Macmillan Davies
SEARCH & SELECTION

Finance Director

Humberside — **to £40,000, car, benefits**

Decentralisation of £25m turnover subsidiary of quoted UK plc creates need for determined, talented finance professional. Support Managing Director and provide strong financial and commercial input to the establishment of stringent performance criteria across the business.

THE ROLE

Complete responsibility for finance function to ensure accurate, timely financial reports and controls and efficient planning mechanisms to maximise business performance. • Total involvement in commercial and strategic decision making process. • Establish comprehensive cost control procedures and practices. • Spearhead design and development of new integrated financial, management and manufacturing reporting systems.

THE QUALIFICATIONS

Natural leader with strong intellect and the purpose to translate plans into actions. • Commercially astute, Graduate, Qualified Accountant. Aged 30-40. • Track record of successful implementation of profit improvement programme in sophisticated manufacturing environment. • Stature and maturity to influence at senior level. Ability to contribute to all aspects of the business.

Please reply in writing to Townsend House, 30 Monkgate, York YO3 7PH enclosing a full curriculum vitae and quoting Reference RBH 1015. Telephone 0904 670648 Facsimile 0904 611079

ROBINSON BROADHURST & PARTNERS
· SEARCH AND SELECTION ·
HALE · YORK

Superb opportunity for recently qualified ACA . . .

Treasury & Financial Planning

London **£25,000 + bonus**

My client is one of the world's leading car hire companies, having achieved this position through a policy of quality service, competitive pricing and operational efficiency.

Further expansion of the UK business is planned, creating the need for a young Accountant to support the Financial Director. You will play an important role in the budget and treasury process; be responsible for lease planning, projections, cash flow forecasts and branch reviews, and carry out a wide variety of projects and ad hoc investigations.

You must be a recently qualified Chartered Accountant with an excellent academic record and large firm training. Whilst you will almost certainly have investigations experience, an in-depth understanding of Lotus 1-2-3 is essential.

This is an important and demanding role which will require an enthusiastic, practical and innovative individual with commercial flair who can make a positive contribution to the profitability and efficiency of the business.

Please write enclosing a cv to Brian Marren, BM Search & Selection, Ashdene House, Claremont Grove, Hale, Altrincham, Cheshire, WA15 9HH.

Tel: 061 927 9149 BM SEARCH & SELECTION Fax: 061 927 9155

TRUST ACCOUNTANT

City

c.£30,000 + Benefits

This Asset Management organisation administers the investment activities of a discreet and private group of individuals.

As Trust Accountant you will be responsible for the day-to-day accounting administration of a substantial number of both private and settlement accounts.

Reporting to the Director responsible for the Accounting function, this will entail the preparation of annual financial statements and addressing issues such as taxation, compliance, settlements, treasury and various ad hoc projects.

You will be a qualified accountant aged from 30, who can demonstrate some previous exposure to trust accounting issues as well as a knowledge of CGT, VAT and IMRO returns. You will have the type of skills necessary for liaison with professionals of the highest calibre.

Interested candidates should contact ***Jon Von*** *on* ***071-629 4463****; evenings, weekends* ***071-720 527*** *or write enclosing curriculum vitae to the address below.*

HARRISON WILLIS

FINANCIAL & LEGAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle Street, London W1X 3FD. Tel: 071-629 4463

LONDON • BRISTOL • GUILDFORD • READING • ST ALBANS

Corporate Accountant

London

c£42,000 + Car

This successful and progressive international Plc, has grown through a highly selective acquisition strategy as well as through organic growth.

Reporting to the Group Financial Controller the successful candidate will play a major role in the Group Finance team. Responsibilities will include consolidation, review and reporting on group results, preparation of annual budgets and corporate plans together with improvements of existing reporting systems. Preparing the holding companies accounts is part of this role.

Candidates should be qualified accountants, age indicator 30-35, with good communications skills, a flexible approach and a hands on style. Ambition, technical competence, computer literacy and experience of the reporting requirements of an acquisitive group are essential attributes for success within this major group.

Please telephone or write enclosing full curriculum vitae quoting ref. 569 to:

Nigel Hopkins FCA,
London House,
53-54 Haymarket,
London SW1Y 4RP
Tel: 071-839 4272
Fax: 071-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Controller – Finance and Business Planning (Financial Director Designate)

FRANCE

c.FF 400,000
Plus relocation
Plus benefits

An ideal stepping stone for a bright, commercially minded accountant. A critical position in order to support the strategic and operational development of the Group which is going through an important process of change.

Part of a small team reporting to the Finance Director, you will lead financial analysis and planning initiatives for all entities — including France, Greece, Turkey, Cyprus, Israel and Malta. Responsibilities will include:-

- *Business Planning and Analysis*
- Key Financial Studies and Evaluations

You will have strong academic qualifications and be a qualified Chartered Accountant or equivalent with direct experience of a finance department, ideally gained within an international planning function. Highly numerate and computer literate, you will be analytical by nature, confident and at ease working at all levels of management. Conversational and written French would be an advantage.

Career prospects within the Group for ambitious individuals are outstanding.

Interested candidates should write in confidence to: Simon Hewitt at Nicholson International (Recruitment Consultants), Africa House, 64/78 Kingsway, London WC2B 6AH, quoting reference 9407, or telephone (071) 404 5501 for an initial discussion, or alternatively fax details on (071) 404 8128.

NICHOLSON INTERNATIONAL

REGIONAL FINANCIAL DIRECTOR

A highly successful international biotechnical company is establishing a new regional office in Paris and is seeking a Regional Financial Director for the Bioindustrial Group of the new European Sales and Marketing Operations to be based there.

The regional headquarter has total sales responsibility for 9 offices throughout Europe and is responsible for the long term development of this business.

The position includes the following functions: Accounting and Financial Reporting (consolidation and local), Business Planning, Treasury, European and local tax issues plus some administrative responsibilities.

Some travel within Europe is envisaged.

Successful candidate will report to and is expected to work closely with the Vice President Europe.

Ideal candidate should have at least 5 years experience with a multi national company at both affiliate and headquarter level and should possess an Accounting/MBA qualification from a recognized body.

Excellent remuneration package available. Please send your application with full C.V. to:

NOVO NORDISK BIOINDUSTRIE S.A. EUROPE
79, Avenue François Arago
92000 Nanterre
France

Novo Nordisk

Group Finance Director

M4 Corridor **Package c.£45k**

This successful and growing public company, with £12 million turnover, comprises three main businesses serving the aerospace industry. The Group now seeks a senior financial executive with distribution/manufacturing and plc experience to work with the Chairman/Chief Executive.

In addition to managing and developing the Group finance and company secretarial functions and advising subsidiaries, the appointee will play a key role in business planning, budgeting and analysis. Other responsibilities will include conducting special investigations and liaising with external advisers regarding potential acquisitions.

Likely to be an FCA, the ideal candidate will have broad commercial skills and experience of mergers and acquisitions. Our client seeks a proactive person with interpersonal and intellectual strengths, enthusiasm and determination to achieve success. Flexibility and creativity to meet both operational and strategic requirements will be crucial to the success of this demanding role. Candidates should already live in the area and be prepared to travel within the South of England. The comprehensive remuneration package includes a bonus, share options and fully expensed car.

If you have relevant experience and would like to develop your career in this dynamic environment, please *write with full cv and details of your current remuneration to Sarah Gilbert,* KPMG Selection and Search, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone: (0272) 732291.

KPMG Selection & Search

FINANCIAL CONTROLLER

QUOTED COMPANY - S.W. LONDON

PACKAGE TO £35,000

We are a financially robust, fast growing quoted company and are market leaders having expanded both in the UK and Overseas in wholesale distribution with fully computerised information systems.

The role would suit a 28-35 year old ACA and will cover all the normal financial controls with added responsibility for input into the continuing growth and improvement of the company's internal management systems.

The successful candidate will possess and have proven a high level of commercial awareness in addition to the usual expected skills.

Please reply in the strictest confidence:

Samantha Hyde,
Northamber plc, Lion Park Avenue
Chessington, Surrey KT9 1ST.
Tel: 081 391 5505
Fax: 081 391 4739.

DIRECTOR OF FINANCE

For the LEONARD CHESHIRE FOUNDATION, a leading international charity committed to promoting the care, general well-being and rehabilitation of people with physical, mental or learning disability. The Foundation is now modifying its U.K. structure to meet the needs of its 83 Homes and 30 Family Support Services and to ensure that it can conform with the requirements of current legislation in community care.

Reporting to the Director General, the Finance Director will be responsible for the Foundation's central financial management and for providing guidance and co-ordination in respect of the finances of the UK Homes and Services. He/she will also have responsibility for the Foundation's Public Affairs department which provides *public relations and fundraising support on a national* basis.

A successful candidate is likely to have a recognised accountancy qualification, wide commercial experience and excellent communication skills. Experience of fundraising and of work in the voluntary sector would be an advantage.

Salary Circa £32,500. Contributory Pension Scheme. Location - Central London.

Please write in confidence with full CV to:
Director General, The Leonard Cheshire Foundation,
26-29 Maunsel Street, London SW1P 2QN, by April 21st.

Group Financial Executive

Cotswolds **Package £35k +**

Our client is a well-established, entrepreneurially-led, multi-site group of companies with a turnover exceeding £20 million *involved in the design, manufacture and worldwide sale of specialist industrial products.* Following several years of successful growth and having significant institutional backing, the Group is planning substantial acquisitions in the UK and overseas.

Reporting to the Group Financial Director and working closely with senior executives across the Group to give *financial guidance, the successful candidate will have a broad range of financial* and business responsibilities in this new post. These will encompass the development of accounting policies, procedures and controls as well *as statutory and management accounting.*

The ideal candidate will be a qualified accountant of graduate calibre with a track record of achievement in a *manufacturing environment. Experience of all aspects of financial* management, coupled with commercial vision and an innovative and practical approach to problem solving are pre-requisites. Strong communication skills are *essential; a good working knowledge of German and an interest in, if not* exposure to, European industry are desirable. The Group offers excellent career opportunities and rewards for those keen to prove their capabilities in an ambitious and exciting company. Relocation assistance will be given where appropriate.

If you have the experience and drive that we are seeking, please write with full CV and details of your current *remuneration to Sarah Gilbert, KPMG Selection and Search,* 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone: (0272) 732291.

KPMG Selection & Search

Finance Director

Speciality Equipment Manufacturer

Hampshire **£40,000 + neg. plus car & benefits**

Our Client is a small, well-financed U.K. Public Group. Fast-growing and acquisitive, the Group has gained a dominant market position through development of several autonomous but market-interrelated businesses. A Financial Director is sought for one of its main subsidiaries.

As part of an informal, non-bureaucratic local Board, you'll have a dual strategic and operational management role. Key responsibilities will be efficient management of accounting, information and reporting needs, the review and strengthening of controls, enhancement and upgrade of operating systems in an environment of rapid growth.

A graduate accountant aged up to 45, your highly practical style and experience will have been gained in a batch manufacturing environment. Current familiarity with modern manufacturing control and reporting techniques is considered to be essential. An enthusiastic and credible man-manager with a 'can-do' mentality, you'll also combine balanced technical skills with demonstrable computer literacy and the vision to offer sound, pragmatic financial advice to your colleagues.

The position offers a high level of involvement in a rapidly growing organisation and real opportunity for future career advancement. You are invited to write initially to myself as Selection Adviser to the Company, quoting reference number 9213. All communications will be treated in complete confidence.

LICHTIN Associates

Paul Lichtin, Managing Director,
Lichtin Associates Ltd.,
Margaret House, 67, Shooters Hill Road,
Blackheath, London SE3 7HS.

Service Sector

FINANCIAL CONTROL

Luton

to £37,500 + car + bonus

Operating from a number of sites in the Midlands, our client is part of a major information and communications group. The £30 million turnover company is undergoing a major restructuring exercise designed to increase profitability.

Working closely with the Financial Director, the Accountant will initially have a 'fire-fighting' role – ensuring the implementation of tight financial control at the operating units. He or she will make a major contribution to the restructuring, which will include the development of new systems and the centralisation of the multi-site accounting function. The position will provide significant exposure within the company, in particular to non-financial management.

Likely to be in their 30s, applicants should be qualified accountants ideally with service sector experience. Mobility, commercial awareness and computer literacy are essentials.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/24/F.

FINANCIAL CONTROLLER

Up market mail order business, growing fast, requires young energetic qualified Financial Controller with good commercial experience to take charge of all accounting functions and senior management information reporting. Central London location.

Write to Box A459.
Financial Times,
One Southwark Bridge,
London SE1 9HL.

FINANCIAL ACCOUNTANT/ TREASURER

c£35,000 + package

This is a unique opportunity to meet new challenges, extend your experience and boost an already impressive CV, in what is likely to be the highest profile role of your career to date.

Your brief is to enhance financial reporting and control throughout an organisation with net assets of £220m and net expenditure in the region of £125m.

It is a 'hands-on' role in which your staff management skills will be very much to the fore. Ensuring the effective operation of a 21-strong department responsible for cash management, income billing, credit control and financial accounting, you will assess and develop financial reporting systems, including the compilation of the monthly board report, and have exposure to central management control, treasury management and systems development.

If the technical dimensions of the role are considerable, the personal challenge is even greater, as will be the pressure to produce immediate results. You may only have a few years post-qualification experience, but you must have the authority, maturity and interpersonal skills to optimise individual performance - leading by example rather than dictate; as well as the ability to manage change.

The appointment, in a renowned public sector organisation, is offered on a three-year initial contract.

To apply, please send your cv to: Katrina Sevenoaks, Consultant, Austin Knight Recruitment, 20 Soho Square, London W1A 1DS, quoting reference number A190. Fax 071 439 5744. Or you can phone her on 071 439 5781 during office hours - 081 677 2409 (evenings 7pm - 9pm) - for further information.

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Controller

Group Financial Analysis

North-West **c £45,000 + car + substantial benefits.**

This major public Group, with several operating divisions, principally in the financial services sector, has made significant progress in difficult trading conditions. Substantial cost savings have been made throughout the Group; certain non-core business activities have been sold off and stringent performance guidelines are now in place. This high-profile role requires a talented professional to strengthen the finance team and bring an entrepreneurial and pro-active style to important profit and performance-related issues.

The Role

- Review profitability reporting across all divisions, with emphasis on margin analysis and product mix.
- Enhance forecasting/budgeting process across Group; establish longer term financial planning criteria; broad spectrum of ad-hoc projects and investigations.
- Interface with Group marketing on new business opportunities; introduce more sophisticated systems for evaluating pay-back on investments.
- Direct a small, high profile, quality professional team in pro-active role.

The Requirement

- Ambitious, graduate qualified accountant with demonstrably successful track record. Aged 30-40.
- Excellent analytical skills, practical approach with good cost control experience.
- Ability to enhance the business analysis team's credibility across Group.
- Profit-orientated and commercial approach; enthusiastic team player who can lead by example.

Please apply in writing, enclosing full c.v. quoting Ref: M724.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9129

SERVICE DIRECTOR

£30,000 + 25% Bonus + Car

QUALIFIED ACCOUNTANT WITH COMMERCIAL SKILLS

CASE-ICC Ltd is the UK market leader in the manufacture, sales, service and export of cash-handling equipment.

We are looking for a commercially-aware individual who can take autonomous responsibility for a nationwide network of field engineering personnel.

Attention to detail, together with the drive and enthusiasm to implement change, through system and procedure will be key attributes.

Candidates must demonstrate a record of achievement within a professional environment, managing both people and projects within strict budgetary control whilst maintaining the highest levels of customer satisfaction.

Applications are invited from fully Qualified Accountants within the ages 28-35, who wish to diversify into general management.

Please apply in writing, enclosing a full C.V. and current salary to:
Mrs N. A. Townsend,
CASE-ICC Limited,
Unit 10, Caxton Hill
Industrial Estate,
Hertford, Herts
SG13 7NE

(No agencies please)

(CASE-ICC Ltd is an equal opportunities employer)

CASE "Wherever money matters"

Financial Controller

South Midlands *c£35,000 + Car*

Our client has formed a new company in the food processing business by acquiring facilities and an existing business with an established reputation for quality and performance. The company is embarking upon a major investment programme, and turnover is projected to reach £50 million in the second full year of operation.

To assist with the completion of the start up phase and to establish computerised accounting and management reporting systems the company seeks an experienced financial manager with:

- a recognised accountancy qualification and some up-to-date knowledge of taxation.
- at least 6 years experience in industry/ commerce including operational responsibility for accounting and management reporting in a medium sized business.
- well developed commercial abilities and a capacity for managing staff and developing systems.

This is an opportunity to join a soundly based enterprise at the outset. There is a competitive salary and benefits package and excellent long term prospects.

Write in confidence to **John Gregory**, Search and Selection Division, Breckenridge Consultants Limited, Charter House, 426 Avebury Boulevard, Central Milton Keynes, MK9 2HS, demonstrating your relevance clearly and quoting reference 146/FT.

BRECKENRIDGE CONSULTANTS • LIMITED

FINANCIAL CONTROLLER

£30,000

Plus Benefits

Our client is a member of the Securities Futures Association and is seeking a dynamic and enthusiastic Chartered Accountant with at least 2 years PQE.

A keen interest in the financial services sector together with experience of dealing with regulatory bodies will be an advantage.

CV's in confidence to:

M W Elliott,
Jeffrey Warner Elliott,
Chartered Accountants,
Maypole House, Maypole Road,
East Grinstead,
West Sussex RH19 1HU

Finance Director

West Country **Up to £45,000 + Car + Benefits**

Our client is a subsidiary of a communications industry PLC and operates in that field. Its head office location in the West Country controls a network of locations around the country.

A major policy change calls for close integration and control of the financial function at the centre. The initial task is to implement this change and institute and ensure appropriate procedures and controls. Thereafter the key tasks are to maintain tight financial management, acceptable reporting to the holding company, and contribute to the overall direction of the business and its profitability.

Candidates should be chartered accountants in their thirties trained at a major practice before gaining experience of financial management and systems within the service industry. They should display the strong interpersonal skills needed to carry through the policy change and contribute at Board level.

Please write - in confidence - enclosing a CV and details of current remuneration to Garry Long, ref 19001, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

FINANCE AND STRATEGY MANAGER

International Services Operations

to £50,000 + car + benefits **M4 Corridor**

Our client is a successful £200 million international service company and market leader in its field.

Supported by a small HQ team, your routine accountabilities will include consolidations, accounting policies, budget and forecasting development, business analysis and review. This tactical insight will facilitate a close working relationship with the Finance Director on wider strategic issues, such as financial structuring and acquisitions. Success in managing these wider issues will lead progressively to a head of finance role.

Candidates will be qualified graduate accountants aged about 35, experienced in managing a broad-ranging finance team, ideally in a major contracts-driven service organisation in the IT industry. The key personal qualities will be an enquiring mind, a practical no-nonsence style, and an ability to understand the business strategy and alliances needed to implement major change.

Please send your CV, quoting Reference 892 to Alan Brown, at the address below.

MKA MANAGEMENT CONSULTING LIMITED
Tectonic Place, Holyport Road, Holyport,
Maidenhead, Berks SL6 2YE
Telephone: (0628) 798015
Fax: (0628) 798138

MKA

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REGENTS COLLEGE, LONDON NW1

The Regent's College campus is a private international campus, located in the heart of Regent's Park. Its undergraduate schools specialise in Business, English and History, with accreditation available from either American or British systems of education.

Expansion prospects warrant the strengthening of the "in house" financial and managerial expertise.

DIRECTOR OF FINANCE AND ADMINISTRATION £35,000

Qualified Chartered Accountant with commercial flair and proven leadership qualities to assist in formulation and implementing strategy for the development of the College.

Must have excellent inter-personal and management skills, and experience of constructing and developing effective management information and control systems.
Reporting to the President of the College.

Please write with CV to Carole Still, Regent's College, Inner Circle, Regent's Park, London NW1 4NS

REGENT'S COLLEGE LONDON

GROUP CHIEF ACCOUNTANT
BUSINESS MACHINES GROUP

London **To £35,000 including bonus**

The position requires a commercially minded, sales orientated qualified accountant to head up the accounting function of this multi-million turnover Group.

The successful candidate must be able to motivate a large team, have previous commercial knowledge and be enthusiastic. Reporting directly to the M.D., the role will be both demanding and challenging for the successful candidate.

Age: probably 30 - 40.

Please reply enclosing full details to Robert Mowbray, MacIntyre Advisory Services Ltd, Ashley House, 18-20 George Street, Richmond, Surrey, TW9 1HD.

MACINTYRE ADVISORY SERVICES LTD
TRAINING AND RECRUITMENT CONSULTANTS

FINANCIAL CONTROLLER

Hertfordshire **c£25,000**

Our client is a small group dealing with printing and stationery supply, import/ export and construction.

The right candidate will be qualified and able to take full responsibility for all financial affairs of the group.

Please apply with CV to:

Julie Allen
Morgan Connect Limited
16-18 New Bridge Street
London EC4V 6AU

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Alison Prin on 071-873 3607

Treasurer

A major new treasury appointment

To £40,000 + Benefits | **Central London**

Our client is a well-known, quoted Plc with annual turnover in excess of £1 billion, and substantial assets.

Continued growth of the business now requires the appointment of a Treasurer, reporting to the Group Finance Manager, to take responsibility for managing and developing the treasury function. Key tasks will be to arrange and manage funding operations, to strengthen relationships with the financial community, to establish and implement appropriate risk management strategies, and to develop treasury operations to meet the needs of the company.

Probably a graduate, you will be a qualified treasurer with experience in the management of a UK corporate treasury function. You will have an in-depth knowledge of the London banking and money markets, and will have arranged and implemented borrowing and risk management programmes.

An attractive salary will be supplemented by a benefits package which will include a car and a contributory pension scheme. If you wish to be considered for this appointment, please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref 7233, MSL Group Limited, 32 Aybrook Street, London W1M 3JL. Telephone 071-487 5000.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Finance Director
(Designate)

East Midlands | **c £40,000 + Car + Benefits**

Based in rural Northamptonshire, our client is a rapidly growing private company involved in the factoring and manufacturing of fast moving consumer goods. Operating from a greenfield start with modern plant, turnover will reach £15m in this, the third year of operation, and this level of growth is planned to continue by targeting markets both at home and abroad.

They now seek an aspiring Finance Director to supplement their strong management team, delivering further expansion, whilst maintaining tight financial and working capital control.

The position carries responsibility for six staff, and reports to the Managing Director. Particular emphasis will attach to: administration, systems and management reporting developments, cost control and justification, maximisation of asset utilisation and the prudent management of foreign exchange issues.

The successful candidate will be a qualified accountant, probably aged 30-40 with experience of an FMCG manufacturing industry. Capable of managing rapid growth both at a systems and a strategic level, you will be a proactive self-starter. Strong interpersonal skills will include the ability to be forceful at board level whilst retaining good team relations.

If you are attracted to this outstanding 'ground floor' opportunity, then apply to **Oliver Howl BSc ACA, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST,** quoting reference **OH130.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance and Planning Manager

East Midlands | **to £35,000 + Car + Benefits**

Our client is an autonomous sales, marketing and distribution subsidiary of a $1.6 billion turnover US Group.

Despite the current economic climate, the company, although already a worldwide market leader in its field, is committed to achieving further substantial growth and market share by continued product enhancement and innovation.

Reporting to the Finance Director the successful applicant will lead a team that is responsible for the ongoing development of new sophisticated systems which will provide improved management information to the US parent and subsidiary board. Particular emphasis will be placed on the individual's contribution to the planning and forecasting process.

It is within this environment that a qualified accountant, aged 32-40, is required to join a highly motivated management team in achieving the corporate objectives. A strong personality and first class communication skills are prerequisites, as well as significant planning experience gained within a fast moving consumer market.

If you have the appropriate skills and experience, write enclosing a current curriculum vitae and quoting reference number **PK142** to **Paul Kinsey ACMA at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

FINANCIAL CONTROLLER

Essex
£60,000 + bonus + car + benefits

This is an excellent opportunity for a high-calibre qualified accountant to participate in the growth of a new but already very successful company.

Since its launch in 1988, this organisation has expanded rapidly to become a well-known name in the UK retail sector, with 85 outlets producing a turnover in excess of £60m. Currently privately owned but enjoying significant institutional backing, it is poised for further growth in the UK and abroad and looks towards a UK Stock Exchange listing within the foreseeable future.

As Financial Controller, you will also become Company Secretary on joining and will initially work closely with the Finance Director in running all aspects of the finances of the organisation, with the intention of taking over from him within a year. You will then take the company through flotation and beyond.

In such a rapidly growing retail organisation, emphasis will be placed on a hands-on approach to both management of the finance function and participation in the general running of the business. To be considered, you must be aged 35-45 and have at least five years' commercial experience within a retail or FMCG environment and strong technical ability. Excellent managerial and interpersonal skills must be complemented by a high degree of commercial awareness.

In addition to a competitive salary, a generous bonus scheme and a full range of benefits will be provided.

To apply, please send full cv to Patrick Johnson, **Ref: 5644/PJ/FT. PA Consulting Group,** 123 Buckingham Palace Road, London SW1W 9SR.

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The World Bank

The leading international institution in the field of economic development in developing countries, is seeking high calibre professional men and women for its Headquarters, based in Washington, D.C., U.S.A.

ECONOMISTS with advanced degrees (PhD preferable), strong analytical skills, and at least five years of experience in one of the following areas:

- **Macroeconomics:** to provide economic strategy and policy advice at the national level in the fields of fiscal, balance of payments, monetary and trade policies
- **Human Resources Economics:** (e.g. labor markets, social sector services, education or health) to provide policy advice on sector strategies and to evaluate projects proposed for Bank financing
- **Industrial Economics:** with specialization in areas such as industrial policy, restructuring and privatization, investment priorities, trade, business technology development or industrial pollution
- **Financial Economics:** with specialization in areas such as international capital markets, banking structure, regulations and reform or financial intermediation
- **Economic Management:** with practical experience in building/managing institutions responsible for economic policy analysis and formulation, public expenditure and budgeting, public investment and external finance
- **Transport Economics:** to carry out analyses of the transport sector and its organizations, public enterprises, investment programs, policies and regulatory frameworks
- **Livestock Economics:** to analyze policies and programs related to livestock production, processing and marketing. Good familiarity with issues related to parastatal enterprises, rangeland management, smallholder livestock production and international trade in livestock products

SPECIALISTS/ENGINEERS with advanced degrees in relevant field of expertise and a minimum of ten years of experience in one of the following sectors:

- **Private Sector Development:** with extensive private sector experience that includes more than one of: senior management in Operations/Finance, industrial policy, strategy, corporate planning, restructuring and privatization
- **Municipal/Urban:** with experience in local government, infrastructure planning, design and maintenance, investment priorities at national level or in large urban areas, and evaluation of investments
- **Highway, Railway and Port:** with experience in transport policy, logistics and development at the national level, including specific experience in one mode of transportation
- **Telecommunications:** with broad experience in national/international telecoms systems and networks, investment priorities, and evaluation of investments
- **Employment and Training:** with substantial relevant experience training and retraining policies and programs
- **Municipal Finance:** with substantial experience in advising local governments on taxation policy, tax administration, and finance of municipal services
- **Water Resources:** with extensive experience in water resources planning, management and development at national/river basin levels, or in institutional development and organizational issues
- **Environment:** with experience in chemical engineering, environmental technology, or industrial emission control technology
- **Land Policy:** experience in land policy formulation and administration. Thorough familiarity with issues related to privatization of socialistic farms, including settlement of old claims, land titling and registration, organization and funding of land markets, and training of people involved in such activities
- **Agri-Business:** to develop strategies for privatization of agro-industry parastatals and promotion of new businesses in the private sector. Hands-on experience in managing agro-industrial enterprises with strong analytical and problem-solving abilities

GENERAL REQUIREMENTS: Proven capacity for intellectual/operational leadership; experience in development work, including Eastern Europe, republics of the former Soviet Union, or other centrally planned economies; strong analytical, interpersonal and diplomatic skills; excellent communication skills, (oral and written); and proficiency in English (knowledge of Russian and/or other languages of the former Soviet Union). Private Sector experience is desired for most positions.

The Bank offers challenging opportunities in a multinational environment. Relocation and frequent international travel are required. Salary and benefits are internationally competitive.

Interested candidates should send a detailed curriculum vitae to:

The World Bank, Recruitment Division, CIS - DRIVE, Room 0-4146, 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

Financial Analyst

West London

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Glaxo

WHP

Dynamic management coupled with innovative development and marketing strategies has been effective in making our client, Glaxo Holdings p.l.c., a world-wide leader in ethical pharmaceuticals, producing excellent results with a superior performance in the FTSE 100 index. From this sound base, there are exciting prospects for future growth.

The Management Information and Financial Planning Department has identified a need for an additional financial analyst as part of a small head office team.

Responsibilities will be varied and challenging. They will involve preparation of the Group business plan and numerous projects including company plan and forecast reviews, competitor analysis, new product evaluations and on-going systems development.

Candidates will be graduate qualified accountants or MBAs with one to two year's post-qualifying experience and well-developed pc skills. Exposure to large international groups is desirable. The ability to communicate effectively at all levels and to display sound business acumen is of equal importance. The rewards include an attractive remuneration package including a non-contributory pension, company car allowance and the opportunity to develop an outstanding career based entirely on merit.

For further information in strictest confidence contact Jonathan Jones on 071-287 6285 (evenings and weekends on 081-464 0927). Alternatively, forward a curriculum vitiae to our London office quoting ref: JJ350.

Any applications submitted directly to Glaxo by third parties will be forwarded to Walker Hamill.

WALKER HAMILL
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Reporting operationally to the Managing Director and functionally to the Group Finance Director, you will be required to demonstrate 'hands-on' experience, and be responsible for the full finance and MIS functions, including some 20 staff, and will also play a leading role in the commercial development of the division.

Commercially aware with an innovative, self confident nature you will be able to demonstrate an ability to both suggest and implement change. Experience of the evaluation of major capital projects will be needed as well as tight financial and cash control.

If you believe you meet the criteria to deliver in this demanding environment, please apply enclosing a curriculum vitae and current salary details to **Oliver Howl BSc ACA, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST,** quoting reference **OH129T.**

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